POSTGRADUATE INSTITUTE OF INDIGENOUS MEDICINE

UNIVERSITY OF COLOMBO

2019 ANNUAL REPORT & ACCOUNTS

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Director’s Message

Sri Lanka has a rich history of medical care long before allopathic medicine arrived in the country. Archeological evidence proves that Mihintale, in Sri Lanka, had one of the ancient hospitals in the world. In this backdrop, we present the annual report of the Postgraduate Institute of Indigenous Medicine for the year 2019.

The year 2019 could be considered as the year of birth of Postgraduate Institute of Indigenous Medicine, though the Ordinance was gazetted in 2017. Appointment of the first Director and the Board of Management took place in February 2019 after which a whole array of other activities followed. Some of these activities included the appointment of Boards of Study, Specialty Boards, Finance Committee and the recruitment of the other staff categories including a Senior Assistant Registrar and a Senior Assistant Bursar.

The Ministry of Health granted approval to utilize the Ayurveda hospitals and its staff for the teaching purposes of the Institute, paving way for clinical training of postgraduates. The structural changes were introduced to the PGIIM premises at its 5th floor and other areas of the Borella Ayurveda hospital in order to facilitate conducting the MD study programmes.

Prospectuses were approved by the Senate fulfilling an essential requirement for commencing teaching at the Institute. Further details of the events that had taken place during the year 2019 can be found with this report.

During this year, the Institute has been able to put in place the basic requirements to commence the MD training programs. Further improvements such as recruiting rest of the cadre and procuring other material requirements have to be made for the smooth functioning of the institute. It is hoped that the institute will be able to revive the specialist indigenous medical services once it is excelled in the country with a new format soon.

Prof. Wasantha Gunathunga
Acting Director

1. The Institute

1.1 Brief Introduction

The Postgraduate Institute of Indigenous Medicine (PGIIM) is an Educational Institute set up under the University of Colombo as one of its Institutes under the PGIIM Ordinance No.2048/46 of 8th December, 2017 under the provisions of the Universities Act No. 16 of 1978. It thus plays an important role in fulfilling Human Resource requirements for services, universities and the private sector. It is the responsibility of the PGIIM to provide all the required specialists in major specialties of Ayurveda, Siddha and Unani of the Ministry of Health & Indigenous Medicine as per Health Minute and academics for the Institutes of Ayurveda, Unani and Siddha of the Ministry of Higher Education. Accordingly, the PGIIM has taken appropriate measures to commence training programmes to meet the man power requirements of the country.

The operational activities of the PGIIM was commenced in March 2019 after conducting the first meeting of the Board of Management on 25th February 2019. The PGIIM is located at a temporary building of the Ayurveda Teaching Hospital, Borella of the Ministry of Health and Indigenous Medicine as a temporary arrangement until a permanent building is made available to the PGIIM.

Actions have been taken to obtain the necessary approvals from the Boards of Studies, Board of Management, and Senate of the University of Colombo for the MD degree programmes in Ayurveda, Siddha and Unani during the year 2019. Simultaneously, efforts were taken to develop the infrastructure facilities such as modifying and renovating the buildings and procurement of machineries to the PGIIM. In order to strengthen the human resources, the Director and one Senior Assistant Bursar have appointed on contract basis and on permanent basis respectively by the University Grants Commission and the PGIIM and the University of Colombo have taken actions to appoint one Senior Assistant Registrar, three Management Assistants and two Works Aids on assignment basis.

1.2 Director of the Institute

The Chief Executive Officer of the PGIIM is the Director of the Institute.

Prof. Jayantha Jayawardane (From 11th February 2019 to 25th November 2019) and Dr. Senaka Pilapitiya (From 12th December 2019 to 22nd January 2019) have served as Directors of the PGIIM in the year 2019.

1.3 Board of Management

The Board of Management (BoM) is the principal executive and academic body of the PGIM and its meetings are held in every month. The first meeting of the Board of Management was held on 25th February 2019 and nine (09) regular meetings and one special meeting of the Board of Management had been held in the same year.

The BoM consisted of the following members during the year under review.

Prof. Jayantha Jayawardana	- Director
Dr. Senaka Pilapitiya	Acting Director (From 12th Dec 2019
Ms. Nishanthi Jayasinghe	- Additional Secretary (Development) Ayurveda Division, MOH
Mr. K.D. Kumaratunga	- Commissioner of Ayurveda
Prof. (Mrs.) P.A. Paranagama	- Director, IIM
Dr. V. Selvanathan	- Specialist Grade Doctor (Siddha)
Prof. Jayantha Welihinda	- UGC Nominee
Mr. T. Dharmarajah	- UGC Nominee
Mr. Anil Rajakaruna	- UGC Nominee
Mr. Hemal Kasthuriarachchi	- Additional Director General, Department of Public Enterprises, Ministry of Finance
Dr. Viviyan Sathiyaseelan	- Head, Unit of Siddha Med. UoJ
Dr. T. Weeraratna	- Specialist Grade Doctor, (Ayurveda)
Dr. (Mrs.) Vijitha Paheerathan	- Head, Unit of Siddha Med. Trincomalee Campus
Dr. (Mrs.) J.C.K.D. Kumarasekera	- Director/BMARI
Mr. Mahinda Madihahewa	- Council Nominee of UoC
Mrs. W.N. Nimali De Silva	- Director (Development), MOHE
Prof. Gunapala Amarasinghe	- UGC Nominee

1.4 Finance Committee

The first meeting of the Finance Committee of PGIIM was held on 03rd June 2019 and three (03) meetings of Finance Committee were held in 2019.

The Finance Committee consisted of the following members during the year under review.

Prof. Jayantha Jayawardana	- Director
Prof. (Mrs.) P.A. Paranagama	- Director, IIM
Mr. T. Dharmarajah	- UGC Nominee
Mr. Hemal Kasthuriarachchi	- Additional Director General, \Department of Public Enterprises

1.5 Academic Boards

The decisions related to academic matters, training programmes and examinations are taken by the Boards of Study (BOS) and Specialty Boards (SpB) under the approved of the Board of Management and the Senate. Meetings of all the Board of Studies and Specialty Boards are held once a month.

1.5.1 Board of Studies

Appointment of members to the Boards of Study in Ayurveda Medicine, Unani Medicine and Siddha Medicine were made in the month of February as per the Ordinance. The 1st meeting of all the Board of Studies was held in March 2019.

1.5.1.1 List of Board of Studies

Board of Study in Ayurveda
Board of Study in Siddha
Board of Study in Unani

1.5.1.2 Number of Board of Study Meetings held in 2019

Name of the Board	No. of Meetings Held
Ayurveda	12
Siddha	4
Unani	8

1.5.1.2 Chairpersons and Secretaries of the Board of Study – 2019

Board of Study	Chairperson	Secretary
Ayurveda	Dr. S.M.S. Samarakoon	Dr. W.J.Wickramarachchi
Siddha	Dr..A. Sritharan	Dr. S.Ushakanthan
Unani	Prof. B.M. Nageeb	Dr. A.W.S.Fowziya

1.5.2 Specialty Boards

Establishment of the 06 Specialty Boards (Kayachikitsa, Shalya Tantra, Streeroga Prasutitantra, Kaumarabhrithya, Dravyaguna Vignana and Swasthavritta) of Ayurveda Medicine was taken place in March/April 2019 and the establishment of the new Specialty Board in Bhaisajya Kalpana and Rasashastra of Ayurveda Medicine had taken placein June. The new SpB in Shalakya in Ayurveda Medicine was established in October.

Two (02) Specialty Boards (Maruthuvam and Gunapadam) of Siddha Medicine were established in March/April 2019.

Establishment of the Specialty Boards (Moalijat) of Unani Medicine was taken place in March/April 2019

Ayurveda
Specialty Board in Kaumarabhritya
Specialty Board in Kayachikitsa
Specialty Board in Prasuthithanthra
Specialty Board in Shalyathanthra
Specialty Board in Swasthavritta
Specialty Board in Bhaisajya Kalpana & Rasashastra
Specialty Board in Shalakya

Siddha
Specialty Board in Gunapadam
Specialty Board in Maruthuvam

Unani
Specialty Board in Moalijath

1.5.2.1 Number of Specialty Board Meetings held in 2019

Name of the Board	No. of Meetings Held
Ayurveda	
Shalya	8
Kaya Chikithsaka	7
Prasuthitanthara	7
Swasthavritha	7
Dravya Guna Vingnana	1
Bala Roga	7

Bhaisajya Kalpana	3
Shalakya	2
Siddha	
Phamacology	4
Medicine	3
Gunapadem	1
Maruthuvam	1
Unani	
Medicine	1
Moalejath	3
Phamacology	6

1.5.1.2 Chairpersons and Secretaries of the Board of Study – 2019

Specialty Board	Chairperson	Secretary
Ayurveda		
Shalya	Dr. L.P.A. Karanathilaka	Dr.B.M.S. Amarajeewa
Kaya Chikithsa	Dr.S.M.S .Samarakoon	Dr. (Mrs) K. G. C. Dissanayake
Prasuthitanthara	Dr. (Mrs).Y.A.U.D. Karunarathna	Dr. (Mrs). K. P. K. R. Karunagoda
Swasthavritha	Dr. (Mrs) K.C. Perera	Dr. (Mrs) W. M. S. S. K. Kulathunga
Dravya Guna Vingnana	Dr. (Mrs.). S.D.Hapuarachchi	
Bala Roga	Dr . I.A.M.Leena	Dr.O.T.M.R.K.S. Kalawana
Bhaisajya Kalpana	Dr. S.K.M.K Herapathdeniya	
Shalakya	Dr K.P.P.Peiris	Dr.B.M.S.Amarajeewa
Siddha		
Gunapadem	Dr.N.Varnakulendran	Dr. N.Nithiakumar
Maruthuvam	DR.T.Kumuthranjan	Dr.B.Uthayanan
Unani	Prof. B.M. Najeeb	Dr. A.W.S. Fawzia
Moalejath	Dr.MCM.Maheez	Dr.M.H.M. Hafeel

2. Academic Activities During Year 2019

Preparation of prospectors for MD programmes in Ayurveda, Siddha and Unani, sending to reviewers and submitting for approvals were made during the year under review in order to commence the academic programmes from 2020. This was completed with the hard work of the Director, All Chair persons of the Board of Studies and Specialty Boards. The details of the courses approved by the relevant authorities during the year 2019 is mentioned below.

2.1 MD in Ayurveda

2.1.1. Prospectors approved

The approval of the Board of Management for the new Prospectuses of MD Ayu Kayachikitsa & Board Certification, MD Ayu Kaumarabhrithya & Board Certification, MD Ayu Shalya Tantra & Board Certification, MD Ayu Sthree Roga Prasutitantra & Board Certification, MD Ayu and MD Ayu Swasthavritta & Board Certification have been obtained in the months of June, July and submitted to Senate and approved by Senate in November/December.

2. The MD and Board Certification by-laws, general regulations, guidelines on conduct of examinations were approved by the BOM in August/September and submitted to Senate and approved by the Senate in October/November.

3. The Required Training Centres for the Ten MD and Board Certification Study programmes approved by the University Senate in July/August.

2.1.2 Lateral entry activities

Actions have been taken to approve the required training centers to allocatee trainees. Further, the approval from the Secretary of the Ministry of health was obtained to utilize the Specialists, other staff and Ayurveda Hospitals of the Ministry for postgraduate training activities of the PGIIM when necessary.

In order to commence the academic activities in the year 2020, approval of the Board of Management and the Senate was obtained for MD and Board Certification by-laws, general regulations, guidelines on conduct of examinations.

2.2 MD in Siddha

2.2.1. Prospectors approved

The new Prospectuses of MD Siddha Gunapadam & BC, MD Siddha Maruthuvam and BC approved by the BOM in September and submitted to Senate and approval was obtained from the Senate in December.

2.3 MD in Unani

2.3.1 Prospectors approved

The new Prospectuses of MD Unani Moalejat & BC, MD Siddha Maruthuvam & BC approved by the BOM in September and submitted to Senate and approval was obtained from the Senate in December.

3. Administrative Divisions

The Administrative activities of the PGIIM are mainly handled by the Administration Division and the Finance Division of the Institute.

3.1 Administration Division

The Administrative Division of the PGIIM conducts all the general administration works and the activities related to facilitating academic activities. To provide administrative support for conducting Board of Management and other meetings, sending documents for the approval of the Senate and Council of the University of Colombo as well as the University Grants Commission, handling documents related to academic programmes and student requirements with relevant authorities were some of the main the academic related activities performed by the Administrative Division during the year under review.

In addition, providing human resources to the PGIIM by recruiting staff and handling personal files, taking responsible for matters relating to the repairing work, maintenance of buildings and equipment, providing general services to the staff and students, procurement of services and providing communication facilities and providing transport facilities are some of the administrative activities of the Administration Division. In year 2019, the division was headed by the Senior Assistant Registrar appointed by the University of Colombo on contract basis and two Management Assistants and one Works aid assisted to carry out the functions of the division.

3.2 Finance Division

The Finance Division of the PGIIM carries out the works related to financial administration and the procurement of items, preparing annual, quarterly and monthly budgets, sending reports to the relevant authorities on financial matters, making payments on all the services obtained by the institute, handling petty cash, issuing cheques, payment of salaries are the key areas handled by the Finance Division of the PGIIM.

In addition, procurement of all recurrent and capital items, materials, books, periodicals and etc., to the PGIIM is handled by the Finance Division of the PGIIM. In year 2019, the division was headed by the Senior Assistant Bursar appointed by the University Grants Commission on permanent basis and one Management Assistants and one Works aid assisted to carry out the functions of the division.

4. Human Resources Data

Recruiting staff approved by the Department of Management Services was one of the major challenges faced by the PGIIM in year 2019. Although the actions had been taken several occasions to recruit staff through the UGC Circular No. 876 and through paper advertisements, the PGIIM was unable to fulfill its cadre due to the Circulars issued by the Government during the presidential election period and the non-academic strike held in year 2019. Requiring staff has become a major challenge to the well-functioning of the both academic and administrative activities of the PGIIM.

4.1 Approved Cadre and Present Staff

The approved cadre of the PGIIM is 16 and the details of cadre as at 31.12.2019 is as follow:

Designation	Service	Grade	Salary Code	Service Level	Approved Cadre	Present Cadre
Director	Academic		U-AC 5	Senior	1	*1
Assistant Librarian	Academic		U-AC 3	Senior	1	0
Senior Assistant Registrar	UA&FS	II/I	U-EX 2	Senior	1	1
Senior Assistant Bursar	UA&FS	II/I	U-EX 2	Senior	1	1
Technical Officer	UTS	III/II/I	U-MT 1	Secondary	1	0
Management Assistant	UMAS	III/II/I	U - MN 1	Secondary	5	**2
Management Assistant (Book Keeping)	UMAS	III/II/I	U - MN 1	Secondary	1	0
Driver	UDS	III/II/I/Spl	U - PL 3	Primary	3	0
Works Aid	UWAS	III/II/I/Spl	U - PL 1	Primary	2	**1
Total					**16**	**6**

***Acting Basis**
****Assignment Basic**

4.2 Permanent Employees

Name	Post	Appointment Date
Ms. C.P. Hatharasinghe	Senior Assistant Bursar	18.03.2019

4.3 Contract Basis Employees

Name	Post	Appointment Date
Mrs. I.K.K. Wijekoon	Senior Assistant Registrar/PGIIM	20.02.2019
Mrs. Seelalatha	Management Assistant	05.03.2019
Mrs. Sumana	Management Assistant	15.06.2019
Mr. L.P. Jayasena	Management Assistant	01.07.2019
Mr. Caldera	Works Aid	21.02.2020
Mr. Padmasiri	Works Aid	15.06.2019

5. Financial Statement for the Year ended 31st December 2019

POSTGRADUATE INSTITUTE OF INDIGENOUS MEDICINE
UNIVERSITY OF COLOMBO

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2019	Note No	2019 Rs.
ASSETS		
Current Assets		
Cash & Cash Equivalents	**3**	11,422,717
Loans & Advances to Staff	**4**	80,000
Inventories / Stocks	**5**	117,133
Total Current Assets		11,619,850
Non Current Assets		
Loans & Advances to Staff	**4**	260,000
Property, Plant & Equipment (Net)	**6**	5,739,339
Total Non Current Assets		5,999,339
TOTAL ASSETS		**17,619,189**
LIABILITIES		
Current Liabilities		
Accrued Expenses	**7**	2,992,068
Payables	**8**	14,277
Total Current Liabilities		3,006,345
Non Current Liabilities		
Provisions for Gratuity	**9**	438,776
Total Non Current Liabilities		438,776
TOTAL LIABILITIES		**3,445,121**
TOTAL NET ASSETS		**14,174,068**
NET ASSETS /EQUITY		
Capital Grant Spent	**10**	2,718,626
Capital Grant Unspent	**10**	3,142,594

Capital Grant from MOHE	**10**	8,759,378
Accumulated Surplus/(deficit)	**11**	(446,530)
TOTAL NET ASSETS/EQUITY		**14,174,068**

These Financial Statements have been prepared & presented in compliance with Public Sector Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka.

C.P. Hatahrasinghe
Senior Assistant Bursar

W.N.P.M.N.N. Karunarathna
Senior Assistant Registrar

Members of the Board of Management are responsible for the preparation and presentation of these financial statements.
These financial statements were approved by the Board of Management and signed on their behalf.

Prof. M.A.J.W.Jayawardana
Director

Prof. Jayantha Jayawardana
Director
Postgraduate Institute of Indigenous Medicine

Mr. T. Dharmarajah
Member of the Board of Management

Mr. F.N. Ossen
Member of the Board of Management

Figure in brackets indicate deductions. Notes to the Financial Statements on Pages 10 to 23 form an integral part of these Finacial Statements.

POSTGRADUATE INSTITUTE OF INDIGENOUS MEDICINE
UNIVERSITY OF COLOMBO
STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31ST DECEMBER 2019	Note No	2019 Rs.
REVENUE		
Recurrent Grant from Treasury		9,051,000
Recurrent Grant from UGC		2,000,000
Other Income	**12**	21,317
Amortization Income	**13**	594,869
Total Revenue		**11,667,186**
OPERATING EXPENSES		
Personnel Emoluments	**14-A**	6,283,317
Travelling & Subsistence	**14-B**	300
Supplies & Consumables	**14-C**	232,702
Maintenance Expenses	**14-D**	37,780
Contractual Services	**14-E**	3,733,387
Other Recurrent Expenses	**14-F**	1,231,360
Depreciation Expenses	**14-G**	594,870
Total Expenses		**12,113,716**
Net Surplus/(Deficit) For the Period		**(446,530)**

POSTGRADUATE INSTITUTE OF INDIGENOUS MEDICINE
UNIVERSITY OF COLOMBO
STATEMENT OF CHANGES IN EQUITY / NET ASSETS
FOR THE YEAR ENDED 31ST DECEMBER 2019

(Rs.)

	Accumulated Fund	Capital Grant Spent	Capital Grant Unspent	Capital Grant From MOHE	**Total**
Balance as at 01st January 2019		-	-		-
Amortisation of Grants		(238,780)		(356,089)	(594,869)
Capital Grant Received			6,100,000	9,115,467	15,215,467
Capital Grants spent		2,957,406	(2,957,406)		-
Prior year adjustment		-	-	-	-
Surplus / (Deficit) for the period	(446,530)				(446,530)
Balance as at 31st December 2019	**(446,530)**	**2,718,626**	**3,142,594**	**8,759,378**	**14,174,068**

OSTGRADUATE INSTITUTE OF INDIGENOUS MEDICINE
UNIVERSITY OF COLOMBO
STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31ST DECEMBER	**(Rs.) 2019**
<u>Cash Flow From/(Used in) Operating Activities</u>	
Surplus / (Deficit) from operating activities	(446,530)
<u>Adjustment for</u>	
Non Cash Movements	
Depreciation of Property Plant & Equipment	594,870
Provision for Gratuity	438,776
Interest Income	(9,305)
Amortization Income	(594,869)
Surplus / (Deficit) from Operations	**(17,059)**
(Increase) / Decrease in Inventories	(117,133)
(Increase)/ Decrease current assets	-
(Increase) / Decrease current liabilities	1,703,660
Payment for Gratuity	-
Net cash flows from Operation Activities	**1,569,469**
<u>Cash Flow From/(Used in) Investing Activities</u>	
Acquisitions of Property plant & Equipment	(2,916,056)
Loans Payments to Staff	(400,000)
Loans recoveries from Staff	60,000
Interest Income from Fund Management Account	9,305
Net cash flows from /(used in) Investing Activities	**(3,246,751)**
<u>Cash Flow From Financing Activities</u>	
Capital grant for the year	13,100,000
Net cash flows from Financing Activities	**13,100,000**
Net Increased / (Decreased) in cash and cash equivalents	11,422,717
Cash & Cash Equivalents as at the beginning of the year	-
Cash & Cash Equivalents as at the end of the year	**11,422,717**

Cash and Cash Equivalents :

Cash and Bank Balances (Note 3)	**11,422,717**

POSTGRADUATE INSTITUTE OF INDIGENOUS MEDICINE
UNIVERSITY OF COLOMBO
COMPARATIVE STATEMENT OF FINANCIAL PERFORMANCE WITH BUDGET

FOR THE YEAR ENDED 31ST DECEMBER	Note	2019 Actual Rs.	2019 Budget Rs.
Revenue			
Recurrent Grant from Treasury		9,051,000	10,000,000
Recurrent Grant from UGC		2,000,000	-
Other Income	**12**	21,317	-
Amortisation Income	**13**	594,869	-
Total Revenue		**11,667,186**	**10,000,000**
Operating Expenses			
Personal Emoluments	**14-A**	6,283,317	5,605,000
Travelling & Subsistence	**14-B**	300	10,000
Supplies & Consumables	**14-C**	232,702	210,000
Maintenance Expenses	**14-D**	37,780	30,000
Contractual Services	**14-E**	3,733,387	2,630,000
Other Recurrent Expenses	**14-F**	1,231,360	1,515,000
Depreciation & Amortization Expenses	**14-G**	594,870	-
Total Expenses		**12,113,716**	**10,000,000**
Net Surplus/(Deficit) For the Period		**(446,530)**	**-**

POSTGRADUATE INSTITUTE OF INDIGENOUS MEDICINE
UNIVERSITY OF COLOMBO

NOTES TO THE FINANCIAL STATEEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2019

General Information

1.1 Legal and Domicile form

The Postgraduate Institute of Indigenous Medicine (PGIIM) was established by Ordinance No: 05 of 2017 made by the University Grants Commission under section 18 read with section 24 A of the Universities Act, No. 16 of 1978 and published in Gazette Extraordinary No. 2031/38 of 2017. It is affiliated to the University of Colombo and commenced its activities described in the Ordinance in February 2019. The office is temporary located in the 5th Floor, Ayurveda Teaching Hospital, Cotta Road, Borella.

The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Equity, Statement of Cash Flow as at and for the year ended 31st December 2019 was authorized by the Board of Management held on 28th February 2020.

1.2 Financial Period

The Financial period of the Institute is from 01st January 2019 to 31st December 2019.

1.3 Principal Activities and Nature of Operations

(a) to admit students and to provide for postgraduate instructions, training and research in specialties of Ayurveda, Unani and Siddha systems of Medicine as may be approved by the Commission upon recommendation of the Institute and the University.

(b) to determine with the approval of the University and the concurrence of the Commission, the postgraduate degrees, postgraduate diplomas, postgraduate certificates and other academic distinctions to be awarded in the several specialties of Ayurveda, Siddha and Unani systems of Medicine or relevant specialties.

(c) to conduct with the approval of the University, postgraduate examinations for the purpose of ascertaining the persons who have acquired proficiency in the several specialties of Ayurveda, Siddha and Unani systems of Medicine or relevant specialties and to recommend to the University of persons who have passed the examinations and satisfied such other conditions as the University may prescribe by By-laws in consultation with the Institute, are eligible for the award of postgraduate degrees, postgraduate diplomas, postgraduate certificates and other academic distinctions of the University.

(d) to co-operate, by way of exchange of teachers, students and scholars or otherwise with Universities or Institutions in Sri Lanka or aboard, having objects similar or substantially similar to those of the Institute.

1.4 Going Concern

The Financial Statements have been prepared on the going concern basis.

1.5 Basis of preparation of Financial Statements

1.5.1 Statement of Compliance

The Financial Statements of the Postgraduate Institute of Indigenous Medicine have been prepared under the historical cost convention in conformity with Sri Lanka Public Sector Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka.

This Financial Statement comprises of the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flow, Statement of Changes in Equity and Notes to the Financial Statements.

The principal accounting policies applied in the preparation of the Financial Statements are set out below.

1.5.2 Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost basis, except where appropriate disclosures are made with regard to fair value under relevant notes.

1.5.3 Comparative Information

No comparatives figure to disclose as this is the first reporting period of PGIIM

1.5.4 Materiality and Aggregation

Each material class of similar items have been presented separately in the Financial Statements. Items of dissimilar nature or function have been presented separately unless they are immaterial.

1.5.5 Offsetting

Asset and liabilities, and revenue and expenses have not been offset unless required or permitted by the SLIPSAS.

1.5.6 Events after the date of Statement of Financial Position

All material events after the reporting date has been considered and where appropriate adjustments or disclosure wherever necessary have been made in the Financial Statements.

1.5.7 Functional & Presentation Currency

These Financial Statements are prepared and presented in "Sri Lanka Rupees" (Rs.), which is the functional and presentation currency of the Institute.

1.5.8 Rounding

The amounts in financial statements have been rounded off to the nearest rupee, unless otherwise indicated as permitted by the Sri Lanka Public Sector Accounting Standards.

1.5.9 Significant Accounting Estimates and Judgements

Any changes in accounting estimates and critical judgements are disclosed in the relevant notes to the financial statements.

2. Summary of Significant Accounting Policies

2.1 Current Assets

Current Assets classified in the Statement of Financial Position are those which will be recovered within one year after the Statement of Financial Statement date.

2.1.1 Cash & Cash Equivalents

Cash & Cash equivalents comprise cash in hand, the bank balances and short-term investments.

2.1.2 Inventories & Stocks

Inventories are stated at the lower of cost and net realizable value. In general cost is determined on a first-in-first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.
The inventory of the institute includes stationary and other consumable items.

2.2 Non-Current Assets

2.2.1 Property Plant & Equipment

Office & Teaching Equipment, Furniture & Fittings, Computer & Computer Accessories and Other Assets include the item acquired out of government grants.

University of Colombo has procured assets worth of Rs. 2,264,892.50 in the year 2018 on behalf of the PGIIM out of the initial grant received from the Ministry of Higher Education. These assets were recognized and capitalized in their financial statements as their assets by the University of Colombo in 2018. Further, amounting to Rs. 149,425.53 and Rs. 112,313.85 were recognized as accumulated depreciation for the year 2018 and period ended 30th June 2019 respectively by the University of Colombo. Accordingly, Rs. 2,003,153.12 worth of assets are identified and capitalized as at 01.07.2019 by the PGIIM based on their net written down value and respective grant is amortized during the balance useful life of the assets.

a) Basis of Recognition and Measurement

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be reliably measured. Properties, plant and equipment are recorded at cost less accumulated depreciation. The cost of property, plant and equipment is the cost of purchase or construction together with any incidental expenses thereon.

All property plant & Equipment are stated initially at cost and subsequently measured at cost less accumulated depreciation and any impairment losses. Repair and maintenance cost are recognized in the statement of comprehensive income as incurred.

b) Initial Recognition

Asset is capitalized on the basis of nature. Asset is capitalized if it is tangible, has a life of more than one year and has a significant cost. The life of the asset is dependent on its category ranging from 5 to 20 years.

c) Subsequent expenditure on existing Fixed Assets

Expenditure incurred on tangible fixed assets is charged to the Statement of Financial Performance in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalized and depreciates on the relevant basis.

- Market value of fixed assets has subsequently increased.
- Asset capacity increase.
- Sustainable improvement in the quality of output or reduction in operating cost.
- Significant extension of the asset life beyond that confirmed by repair and maintenance.

d) Depreciation

Depreciation is recognized in the Statement of Financial Performance on a Straight –Line Method over the estimated useful life of Property, Plant and Equipment items from the date that they were made available for use. Lands are not depreciated. The estimated useful life periods are as follows.

Description	Estimated useful life period
Office and Teaching Equipment	10 years
Computer & computer accessories	5 years
Furniture & Fittings	10 years

Depreciation is provided from the date of purchase and up to the date of disposal, based on the period used. Assets transferred from University of Colombo are depreciated w.e.f. 01.07.2019 since these assets were depreciated up to 30th June by the University of Colombo.

2.3 Liabilities & Provisions

2.3.1 Current Liabilities

Liabilities classified as Current Liabilities in the Statement of Financial Positions are those that fall due for payment within one year from the date of the Statement of Financial Positions. All known liabilities have been accounted for in preparing the Financial Statements.

2.3.2 Provision for Retirement Benefits

Employee Benefits

(a) Defined Benefit Plans - Gratuity

Defined benefit plans estimate the amount of benefit that an employee will receive on retirement.

The university has adopted the benefit plan as required under the payment of Gratuity Act No. 12 of 1983 for all eligible employees.

It usually dependent on one or more factors such as age, years of service and compensation. In order to meet this liability, a provision carried forward as at the reporting date, amount calculated based on an internal management assessment. Accordingly, liability recognizes for the employees who have completed 5 years of service in the university system as at the reporting date. The resulting difference between brought forward provision as at the beginning of the period net of any payments made, and the carried forward provision at the end of the period is dealt with in the statement of profit and loss.

The gratuity liability is not externally funded nor actuarially valued.

(b) Defined Contribution Plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as an expense in the statement of comprehensive income as and when they are due.

University Provident Fund (UPF) & University Pension Fund

The Institute and employees, contribute 15% or 7% and 10% respectively, on their gross salary to the University Provident Fund in line with the respective statutes and legislation in Sri Lanka and University Act. Also, the university contributes 8% to the University Pension Fund in respect of pensionable employees.

Employees' Trust Fund (ETF)

The university contributes 3% on their gross salary of each employee to the Employees' Trust Fund.

2.3.3 Contingent Liabilities

No provision has been made in the accounts with regard to liabilities arising out of litigation. The total estimated amount of liabilities as at 31st December 2019 has stated in the Statement of Financial Positions.

2.4 Equity

2.4.1 Capital Grants

Government Grants is recognized at their fair value where is reasonable assurance that the grants will be received and all affecting conditions will be complied with.

Government Grants and contributions from other organizations for the purchase of fixed assets are taken to the grants received in advance in the first instance. They are taken to the unspent capital grant account upon utilization of the grants for the purchase of the assts which are capitalized or to income or expenditure for purchase of assets which are expensed off.

2.4.2 Recurrent Grants

Recurrent Grants are recognized in the Statement of Financial Performance on cash basis.

Accounting for Grants

Grants that compensate the University for Expenses incurred are recognized as revenue in the income statement in the same period in which the expenses are recognized. Grants that compensate the University for the Cost of an asset are recognized in the income statement on a systematic basis over the useful life of the related asset.

As per Sri Lanka Public Sector Accounting Slandered 20 the university adopted income approach accounting principal when identifying capital grants.

Initial Capital Grant received from the Ministry of Higher Education during the year 2019 is Rs. 7,000,000.00 and capital grant received from the treasury as per annual budget 2019 is Rs. 6,100,000.00 These two grants have been recognized separately as capital grants received in 2019 and amortized accordingly. In addition, Rs. 2,115,466.97 has been recognized as capital grants form MOHE based on the assets transferred from University of Colombo in 2019

2.5 Statement of Comprehensive Income

2.5.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured, regardless of when the payments are made. The following specific recognition criteria also be met before revenue is recognized.

01. Interest Income

Interest income is recognized as it accrues in income or expenditure using the effective interest method.

02. Other Income

Any other income not specified under above categories in recognized on accrual basis.

2.5.2 Recognition of Expenses

Expenses in carrying all activities of the institute is recognized on accrued basis and charged to the statement of comprehensive income during the period in which they are incurred.

2.6 Statement of Cash Flows

The cash flow statement has been prepared by using the Indirect Method in accordance with the SLPSAS 2 where by gross cash receipts and gross cash payments of operating activities, finance activities and investing activities have been recognized.

2.7 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or con not be reliably measured. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless they are remote.

2.8 Events After the Reporting Date

The materiality of events occurring after the reporting period has been considered and appropriate adjustments, wherever necessary, has been made in the financial statements.

POSTGRADUATE INSTITUTE OF INDIGENOUS MEDICINE
UNIVERSITY OF COLOMBO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2019

Note 03 **Cash & Cash Equivalents**	**2019** **Rs.**
BOC Borella SG Acc. No: 0084061028 - Recurrent	1,270,818
BOC Borella SG Acc. No: 0084060859 - Capital	142,594
BOC Borella SG Acc. No: 0085283375 - Fund Management Account	10,009,305
	11,422,717

Note 04 **Loans & Advances to Staff**	**Recoverable during 2020**	**Recoverable after 2020**	**2019** **Rs.**
Distress Loan	50,000	162,500	212,500
Computer Loan	6,000	19,500	25,500
Transport Loan	24,000	78,000	102,000
	80,000	**260,000**	**340,000**

Note 05 **Inventories / Stock**		**2019** **Rs.**
	-	
Stock		117,133
		117,133

Note 06	**2019**
Property Plant and Equipment	**Rs.**

Description	**Balance as at 01.01.2019**	**Additions**	**Disposals / Adjustments**	**Balance as at 31.12.2019**
Office & Teaching Equipment	-	1,970,238	-	1,970,238
Computer & Computer Accessories	-	1,372,717	-	1,372,717
Furniture & Fittings	-	2,991,253	-	2,991,253
Total	**-**	**6,334,208**	**-**	**6,334,208**

<u>Provisions for Depreciation</u>

Description	%	**Balance as at 01.01.2019**	**Charge for the year**	**Disposals / Adjustments**	**Balance as at 31.12.2019**
Pro. For Dep.Office & Teaching	10		146,427		146,427
Pro. For Dep. Computers & Accessories	20		278,424		278,424
Pro. For Dep. Furniture & Fittings	10		170,019		170,019
Total		**-**	**594,870**	**-**	**594,870**

<u>Written Down Value</u>

Description	**Balance as at 01.01.2019**	**Additions**	**Disposals / Adjustments**	**Balance as at 31.12.2019**
Office & Teaching Equipment	-	1,823,810	-	1,823,810
Computer & Computer Accessories	-	1,094,294	-	1,094,294
Furniture & Fittings	-	2,821,234	-	2,821,234
Total	**-**	**5,739,339**	**-**	**5,739,339**

Note 07 **Accrued Expenses**	2019 Rs.
Accrued Expenses-Recurrent	1,689,383
Accrued Expenses-Capital	1,302,685
Total	**2,992,068**

Note 08 **Payables**	2019 Rs.
Stamp Duty Payable	900
PAYE Tax Payable	13,377
Total	**14,277**

Note 09 **Provision for Retiring Gratuity**	2019 Rs.
Balance as at 1st January	-
Charge for the year	438,776
	438,776
Payments made during the year	-
Balance as at 31st December	**438,776**

Note 10 **Capital Grants**	2019 Rs.
Spent Capital Grant	2,718,626
Unspent Capital Grant	3,142,594
Capital Grant from MOHE	8,759,378
	14,620,597

Note 11 **Accumulated Surplus and Deficits**	2019 Rs.
Balance as at 1st January	-
Adjustments (Prior year)	-

Net Surplus/(Deficit) For the Period	(446,530)
Balance as at 31st December	**(446,530)**

Note 12 **Other Income**	**2019** **Rs.**
Interest From Loans & Advance	12,012
Interest From Fund Management Account	9,305
Total	**21,317**

Note 13 **Amortisation Income**	**2019** **Rs.**
-	
Amortisation Income -Government Capital Grants (Assets)	238,780
Amortisation Income - Capital Grants from MOHE (Assets)	356,089
Total	**594,869**

Total Expenditure

Note 14 -A **Personal Emoluments**	**2019** **Rs.**
Academic	
Salaries & Wages	1,918,967
Total	**1,918,967**
Non Academic	
Salaries & Wages	3,011,116
University Provident Fund	155,237
Pension	73,053
Employee Trust Fund	27,395
Monthly Compensation Allowance	260,515
Holiday Payments	6,127
Gratuity	438,776
Research Allowances	202,623
Cost of Living Allowance	73,723
Additional Allowance 20%	115,785
Total	**4,364,350**
Total	**6,283,317**

Note 14 -B **Travelling & Subsistence**	**2019** **Rs.**
Domestic	300
Total	**300**

Note 14 -C **Supplies & Consumables**	**2019** **Rs.**
Stationery & Office Requisites	155,814
Fuel & Lubricants	60,363
Other Supplies	16,525
Total	**232,702**

Note 14 - D **Maintenance Expenses**	**2019** **Rs.**

Building & Structure	37,780
Total	**37,780**

Note 14 - E **Contractual Services**	**2019** **Rs.**
Telecommunication	93,582
Postal Charges	4,640
Electricity	450,000
Security Service	414,972
Water	200,000
Cleaning Service	595,148
Rents & Hire Charges	1,740,629
Printing & Advertising	234,416
Total	**3,733,387**

Note 14 - F **Other Recurrent Expenses**	**2019** **Rs.**
Special Service-Council & Committees	878,390
Special Service-Professional & Other Fees	340,000
Staff Development & Training	5,870
Bank Charges	7,100
Total	**1,231,360**

Note 14 -G **Depreciation Expenses**	**2019** **Rs.**
Dep.for Office &Teaching Equipment	146,427
Dep.for Furniture & Fittings	170,019
Dep. for Computer & Computer Accessories	278,424
Total	**594,870**

POSTGRADUATE INSTITUTE OF INDIGENOUS MEDICINE
UNIVERSITY OF COLOMBO

TRIAL BALANCE AS AT 31ST DECEMBER 2019

CODE & ACCOUNT NAME		DEBIT	CREDIT
30010 - Provision for Gratuity			438,775.65
30100 - Accrued Expenses Capital			1,302,685.22
30110 - Accrued Expenses - Recurrent			1,689,382.80
30120 - Stamp Duty Payables			900.00
30140 - PAYE Payables			13,377.00
30160 - Provision for Depreciation Office & Teaching Equipments			146,427.17
30170 - Provision for Depreciation Computer & Computer Accessories			278,423.51
30180 - Provision for Depreciation Furniture & Fittings			170,018.86
20050 - Furniture & Fittings		2,991,253.21	
20060 - Office & Teaching Equipments		1,970,237.54	
20070 - Computer & Computer Accessories		1,372,717.44	
20200 - Inventories		117,132.78	
20210 - Distress Loan		212,499.97	
20220 - Transport Loan		102,000.00	
20230 - Computer Loan		25,500.00	
20240 - Advances		-	
20245 -Petty Cash Imprest		-	
20250 - BOC Borella SG Acc. No: 0084061028 - Recurrent		1,270,818.33	
20260 - BOC Borella SG Acc. No: 0084060859 - Capital		142,594.00	
20270 - BOC Borella SG Acc. No: 0085283375 - Fund Management Account		10,009,304.79	
10010 - Salaries & Wages		1,918,967.24	
10510 - Salaries & Wages		3,011,116.32	
10520 - UPF		155,237.41	
10530 - Pension		73,052.93	
10540 - ETF		27,394.82	
10570 - Holiday Payments		6,127.35	
10590 - Cost of Living Allowance		73,722.59	
10620 - Gratuity		438,775.65	
10680 - Research Allowance		202,623.11	
10650 - 20% Additional Allowance		115,784.64	
10690 -45 % Monthly Compensatory Allowance		260,515.43	
11010 - Domestic		300.00	
12010 - Stationery & Office Requisites		155,813.94	
12020 - Fuel & Lubricants		60,363.07	
12070 - Others		16,525.00	
13030 - Building & Structures		37,780.00	
14020 - Telecommunication		93,581.67	
14030 - Postal Charges		4,640.00	
14040 - Electricity		450,000.00	
14050 - Security Services		414,972.16	
14060 - Water		200,000.00	
14070 - Cleaning Services		595,148.00	
14100 - Printing, Advertising etc		234,416.00	

15020 - Special Services - Council & Committees		878,390.00	

15030 - Special Services - Professional & Other Fees		340,000.00	
15060 - Staff Development (Training)		5,870.00	
15170 - Bank Charges		7,100.00	
15240 - Depreciation - Office & Teaching Equipments		146,427.17	
15250 - Depreciation - Computer & Computer Accessories		278,423.51	
15260 - Depreciation - Furniture & Fittings		170,018.86	
40100 - Recurrent Grant from Treasury			9,051,000.00
40110 - Recurrent Grant from UGC			2,000,000.00
40140 - Spent Recurrent Grant from Treasury			2,718,625.71
40150 - Unspent Capital Grant from Treasury			3,142,594.00
40160 - Capital Grant from MOHE			8,759,377.72
40170 - Interest Income from Loans & Advances			12,011.99
40180 - Interest Income from Fund Management A/C			9,304.79
40190 -Amortisation Income - Fixed Assets			594,869.54
		30,327,773.96	30,327,773.96

6. Auditor’s General Report

My No. EDU/B/PGIIM/FA/2019 31st August 2021

Director
Postgraduate Institute of Indigenous Medicine

Report of the Auditor General on the Financial Statements of the Postgraduate Institute of Indigenous Medicine affiliated to the University of Colombo for the year ended 31st December 2019 in terms of Section 12 of the National Audit Office Act, No. 19 of 2018.

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1. Financial Statements

1.1 Opinion

The Financial Statements for the year ended on 31st December 2019 including the Statement of Financial Position as at 31st December 2018 and the Statement of Financial Performance for the year ended on that date, Statements of Changes in Equity and the Cash Flow Statement and Notes to the Financial Statements for the year ended on that date and the summarized Significant Accounting Policies was audited under my directions as per the National Audit Act, No. 19 of 2018 and the Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read with Section 19 of the Act, No. 19 of the Postgraduate Institute of Indigenous Medicine established under Section 18 of the Universities Act, No. 16 of 1978. This report contains my opinion and observations I intend to be published along with the Annual Report of the University a per Sub-Section 108 (1) of the Universities Act, No. 16 of 1978. As per Article 154 (6) of the Constitution, my report will be tabled in Parliament in due course.

In my opinion, the Financial Position of the Institute as at 31st December 2018 and its Financial Performance for the year ended as at that date and the Financial Flows reflect a true and fair view as per the Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

I have audited in accordance with the Sri Lanka Audit Standards. My responsibility under these audit standards are further described in the section of the Responsibility of the Auditor regarding the audit of the financial statements of this report. I believe that the audit evidence I have obtained are adequate and appropriate to provide a basis for my opinion.

1.3 Responsibility of the Management and the Parties that Control for the Financial Statements

It is the responsibility of the management to prepare these financial statements in accordance with the Sri Lanka Public Sector Accounting Standards, presenting them reasonably and deciding on the internal controls required for preparing the Financial Statements without any significant false statements that may occur due to frauds or faults.

It is a responsibility of the Management to decide the ability for the continuation of the Institute when preparing the Financial Statements and accounting on the going concern and revealing the relevant matters with regard to the continuation of the Institute is also a responsibility of the Management except if the Management decides to liquidate the Institute or other alternatives are available and decides to stop the operations.

The responsibility on the reporting process of the Institute is borne by the parties having the control.

As per section 16 (1) of the National Audit Act, No. 19 of 2018 the Institute is required to maintain books and records in order on its income, expenditure, assets and liabilities so that it is able to prepare its annual and timely Financial Statements.

1.4 The Responsibility of the Auditor on the Audit of the Financial Statements

My intention is to provide a reasonable assurance that the Financial Statements are free from any significant false statements that may occur due to any fraud and errors and issuing the Report of the Auditor that includes my opinion. Though the reasonable assurance is a higher-level confirmation, it may not be a conformation that it covers any significant misrepresentations at all times when the audit is conducted as per the Sri Lanka Auditing Standards. A significant misrepresentation may occur as a result of an individual or collective fraud and error and it is expected that these may affect the economic decisions taken by the user based on these Financial Statements.

I have audited as per the Sri Lanka Auditing Standards with professional judgment and professional ambivalence. Further,

- when identifying and assessing the risks of the significant false statements that may occur in the Financial Statements due to frauds or errors, my opinion is based on obtaining adequate and suitable audit evidence in order to avoid the risks that may occur due to fraud or error by planning suitable auditing procedures as the case may be. The effect of a fraud is greater than a significant false statements and collusion, preparing fraudulent documents, intentional omission and omission of internal controls lead to a fraud.

- though the Institute obtained an understanding on the internal control in order to plan suitable audit procedures as the case may be, it does not intend to express an opinion on the effectiveness of the internal control.

- assessing the reasonableness in the accounting policies and the accounted estimates and the revelations made by the Management.

- the relevancy of applying the basis of the Institute's going concern for accountancy based on the audit evidence obtained on the availability of a significant uncertainty on the continuous existence of the Institute due to incidents or conditions was decided. If I conclude that there is a significant uncertainty, attention of my audit report should be paid to the related revelations in the Financial Statements and if such revelations are not adequate, my opinion has to be expanded. However, the going concern can be terminated depending on the future incidents or conditions.

- Assessing whether the transactions and incidents that became the basis for the structure and the content of the financial statements included in the revelations, are included in the financial statements in the appropriate and reasonable manner.

The Parties in control were informed of the significant audit findings, weaknesses of the main internal controls and other matters that were identified in my audit.

2 Report on the Other Legal and Regulatory Requirements

The National Audit Act, No. 19 of 2018 contains special provisions on the following requirements.

- As per the requirements in the Section 12 (a) of the National Audit Act, No. 19 of 2018, I have obtained all the information and explanations required for the audit and as it is revealed in my examination, the Institute has maintained proper Financial reports.

Based on the procedures applied and the obtained evidence and within the limitation of the adequate matters, I have not observed anything to make the following statements.

- As per the requirements in the Section 12 (d) of the National Audit Act, No. 19 of 2018, whether any member of the governing body of the Institute has any direct or indirect interest in any contract entered into by the Institute.

- As per the requirement in the Section 12 (f) of the National Audit Act, No. 19 of 2018 whether the Institution has or has not complied with any applicable written law or other general or special directions issued by the governing body of the Institute except the following observations.

Reference to the Laws, Regulations	**Non-Compliancy**
(a) Chapter 6.5.1 of the State Enterprises Circular No. PED 12 dated 02nd June 2003	Though the draft Annual Report should be presented to the Auditor-General along with the Financial Statements, the draft Annual Report of the year under review was not presented with the Financial statements.
(b) FR 756 of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	According to the Financial Statements, a board of survey had not been done as at 31st December 2019 on assets worth of Rs. 6,34,208.
(c) Management Audit Department Circular No. DMA/ 2009 (01) dated 09th June 2009.	Though four (04) Management Audit meetings should be held, Management Committees had not been established for the Institute.

- As per the requirement in the Section 12 (g) of the National Audit Act, No. 19 of 2018, the Institute has performed in contrary to its powers, functions and duties.

- As per the requirement in the Section 12 (h) of the National Audit Act, No. 19 of 2018, the resources of the Institute had not been procured and utilized economically, efficiently and effectively within the timeframes and in compliance with the applicable laws.

3. Other Audit Observations

(a) During the year under review, Rs. 10,000,000 of total being Rs. 7,000,00 of Capital Grant receivables from the Ministry of Higher Education and Rs. 3,000,000 that was not spent from the amount of Rs. 6,100,00 received from the Treasury for the capital expenditure had been invested in a Management Savings Account.

(b) Though the Postgraduate Institute of Indigenous Medicine had been established with effect from 06th December 2017 under the Act No. 05 of 2017, its academic activities had not been commenced as at 15th July 2020.

(c) Though the approval of the Management Board, Senate of the Colombo University and the UGC had to be obtained for the 11 subject boards of the three Boards of Study (Ayurveda, Unani and Siddha) that are appointed for all the post-graduate degrees (MD), as at 21st August 2020, approval had been obtained only for two subject boards.

(d) After the UGC had established the Postgraduate Institute of Indigenous Medicine 06th December 2017, affiliated to the University of Colombo, it has failed to absorb 31 students who had completed the two year theoretical training after recruiting for the 2016/2019 post-graduate MD (AYU) programme of the Institute of Indigenous Medicine.

(e) In respect to the seven staff designations that were approved by the Department of Management Services as at 26th September 2018, there were 16 officers and as at 23rd June 2020, there were 14 vacancies. During the year under review, staff had been recruited on contarct basis for the post of Director, three posts of Management Assistant and one post of Karya Kary Sahayaka that were included in the approved cadre, instead of recruiting on permanent basis.

(f) Though the Institution had been aware of the United Nations Sustainable Development Agenda 2030, it had not taken steps to identify the sustainable development goals, the milestones to reach and the indexes to measure the access to the goals.

W.P.C. Wickramarathna
Auditor-General

7. Reply to Auditor's General Report

My No: PGIIM/Audit/2019/02
Your No: EDU/B/pGIIM/FA/2019

24th February 2021

Auditor-General,
National Audit Office,
No. 306/72,
Poldoowa Road,
Battaramulla

Dear Sir,

<u>Report of the Auditor General on the Financial Statements and the Other Legal and Regulatory Requirements of the Postgraduate Institute of Indigenous Medicine affiliated to the University of Colombo for the Year ending 31st December 2019 in terms of Section 12 of the National Audit Act No. 19 of 2018.</u>

The clarifications with reference to the equal numbered report of the Auditor-General dated 11th December 2020 as per Section 12 of the Audit Act No. 18 of 2018 on the financial statements for the year ended on 31st December 2019 are presented as follows:

2.1 Non-Compliance to the Laws, Regulations and Management Decisions

Reference to Laws, Regulations	Description
(a) Paragraph 6.5.1 of the Public Enterprises Circular No. PED 12 dated 02nd June 2003.	The preparation of the Annual Report for the Year 2019 has been finalized and has been referred for translation.
(b) Financial Regulation No. 756 of the Financial Regulations of the Democratic, Socialist Republic of Sri Lanka.	The Board of Survey for the year 2020 including the year 2019 has been conducted and the relevant report has been submitted to the National Audit Office.
(c) Management Audit Department Circular No. D.M.A/ 2009 (01) dated 09th June 2009.	Audit Committees were not established for the years 2019 and 2020 and the meetings of the Audit Committee are conducted with effect from 20.01.2021.

3. Other Audit Observations

(a) This audit observation was referred to the recommendation of the Finance Committee held in September 20020 and the approval of the Management Committee held afterwards. It has been recommended to maintain the fund of Rs. 7 million allocated to purchase the motor vehicle for the Institute in the Management Account as per the said recommendations and approvals. Further, officers have been informed to expedite the process to purchase the motor vehicle. Capital payments have already been made from the balance amount deposited in the Fund Management Account (i.e. from the balance amount in the Capital Account as at the end of the year 2019) and it has been decided to maintain the balance in the same account and clear the relevant cheques from it.

(b) Though the project was scheduled to commence from January 2018, the Institution has been actively implemented after the appointment of the Director and the Senior Assistant Bursar of the Institute by the University Grants Commission in February and March 2019 respectively. Though it was prepared to commence the following courses with effect from 30th April 2020 after conducting the first meeting of the Management Board on 26th February 2019, appointment of the Study Board, opening the Bank accounts and commencing the administration and financial matters mentioned in the project from March 2019, preparing the syllabus, referring the syllabus for approval and, there was a delay in commencing the academic activities due to the closing of all the Universities for around two months due to the Covid-19 Pandemic situation in the country and the expiration of the tenure of the former Director who had been recruited on contract basis as at the re-commencement of the University from 11th May 2020, the delay in initiating the academic activities due to the appointment of the new Acting Director. At present, the Ayurveda Post-Graduate Degree programme has been initiated from 17th August 2020.

(c) The approval of the University Grants Commission has been received for the existing five Ayurveda courses and one (Yunani) course. In addition, the relevant applications have been forwarded to the University Grants Commission to obtain the approval for another two courses and approval of the Senate and Council of the University of Colombo has been received for the applications for four courses. The said applications are due to be referred to the University Grants Commission.

(d) Letter and e-mails have been sent to 31 students selected from interviews, informing about the commencement of the courses and registration after making the payments and 24 students have been registered for the course. The Interview Board, considering their studies at the Institute of Indigenous Medicine, has exempted five students for a 6 month and one year period from their academic activities. Accordingly, 19 students have initiated studies from 17th August 2020 and as at 17.02.2021, 21 students have been studying in five academic courses.

(e) At present, there are nine vacancies in the staff and action has been initiated to fill the vacancies in the posts of Assistant Librarian, Technical Officer and Management Assistant (Book Keeper). It has been unable to fill the five vacancies in the posts in the primary grade as the vacancies in the primary grade have to be filled from the Government workforce as per the instructions issued by the Government.

With the filling of the permanent vacancies, action has been taken to stop obtaining the service from the officers on contract basis.

(f) Action will be taken to identify these indexes when the Corporate Plan of the Institute is prepared.

Director
Postgraduate Institute of Indigenous Medicine

Composition of the Audit Committee

The Audit Committee of the Institute established as a sub-committee responsible for the Management Board, consists of three non-executive members. The following officers were engaged in audit committee activities in the year under review.

Member		Participation in the Committee in 2021 (Participation √ / Non participation x)
1. Mr. T. N. Osan	- Chairman	√
2. Mr. T. Dharmaraja	- Committee Member	√
3. Mr. Mahinda Madihahewa	– Committee Member	x

In addition to the above members, Mrs. I.D.I. Priyadarshani, Superintendent of Audit, of the National Audit Office, which is assigned with the external audit of this Institute, participated, on observation basis, at the Audit Committee held on 29.01.2021.

Conducting Meetings

According to the Public Enterprises Circular No. P.E.D. /31, this Committee should meet at least four times during a year. The first meeting of the Committee was held on 29.02.2021 and internal and external audit reports were discussed at this meeting. As there is no Internal Audit Unit at this Institute, Mr. K. E. W. Jayasiri, Senior Assistant Internal Auditor of the University of Colombo acted as the convener of this meeting.

Basic Responsibilities

The main objective of the Audit Committee is to assist the Management Board to conduct the financial and related management activities of the Institution in an effective manner.

Main Reponsibilities are as follows:

1 . Review and assess the financial statements, financial reports and the continuation of the audit process.

2. Examine any matter related to the Finance and related matters of the Institute.

3 . Supervise the Annual report and the Internal Plan and programmes.

4 . Observe the internal audit plan and programme.

5 . Investigate the external and internal audit reports and conduct the follow up matters.

6 . Review and supervise the effective functioning of the internal control systems.

Activities within the Year

The following matters were discussed at the meeting held on 29.01.2021.

1 . Non-compliancy with the Laws and Regulations.

According to the reports submitted by the external and internal auditors, conducting in compliance to the relevant laws and regulations were reviewed. It was discussed on the Annual report of the Institute. And the requirement on preparing the Corporate Plan and the Action Plan were discussed.

2 . Reviewing and Strengthening the Internal Control System

Necessary recommendations on strengthening the internal control system such as control of fixed assets, annual Board of surveys/ survey on fixed assets were given. And the steps taken to correct the shortcomings indicated in the Audit reports and Audit inquiries issued within the year 2021 were reviewed.

T. N. Osan
Additional Director General
Department of Public Enterprises
Ministry of Finance

Proposal for Sustainable Development

1. The Postgraduate Institute of Indigenous Medicine (PGIIM) was established in year 2019 and it plays an important role in fulfilling Human Resource requirements for health services, universities and the private sector. It is the responsibility of the PGIIM to provide all the required specialists in major specialties of Ayurveda, Siddha and Unani of the Ministry of Health & Indigenous Medicine as per Health Minute and academics for the Institutes of Ayurveda, Unani and Siddha of the Ministry of Higher Education. Accordingly, the PGIIM has taken appropriate measures to commence training programmes to meet the man power requirements of the country. To achieve this target, the academic activities of the PGIIM were commenced in the year 2020. By offering MD programmes in Indigenous Medicine disciplines, the PGIIM helps to Ensure healthy lives and promote well-being for all at all ages.

2. The Institute makes every effort to produce qualified MD holders to the indigenous medical sector of Sri Lanka. The Institute is planning to establish a Quality Assurance Centre for the PGIIM with the purpose of offering an education of the highest quality to the MD trainees through quality assurance programmes, so that the Institute helps enhance quality education and promote lifelong learning opportunities in Sri Lanka**.**

3. The Institute always takes actions to maintain the **gender equity and equality**.

4. Being a recently established institute the PGIIM is in the process of Ensure availability and sustainable management of water and sanitation for all. As an initiative for that, the institute has taken actions to collect garbage separately categorized into degradable material - glass, polythene/plastic and paper, and disposed appropriately.

5. The Institute offered MD programmes to Ayurveda, Siddha and Unani Disciplines of Indigenous Medical Sector in Sri Lanka. For theses MD programmes, trainees belonging to different nationalities. At present, only MD Ayurveda programmes have been started and actions were taken to enroll the first batch of the MD Unani Programmes in near future. Further, actions are being taken to introduce MD Siddha programmes in future. The PGIIM is taking every effort to develop mutual conviviality among trainees belongs to different nationalities and religions.

6. All MD Degree Programmes offered by the PGIIM consists one year overseas training in the final year of Post-MD programme. The PGIIM is planning to sign MoUs with educational institutes in other countries (specialty in India for providing final year training for MD Scholars. Through this process, the PGIIM allows students and staff to develop national and international relations.)