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வருடாந்த செயல்திறன் அறிக்கை
Annual Performance Report
2020

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இலங்கை தேசிய புலமைச் சொத்து அலுவலகம்
National Intellectual Property Office of Sri Lanka

ANNUAL PERFORMANCE REPORT

2020

National Intellectual Property Office of Sri Lanka

Annual Performance Report for the year 2020

Name of the Departmrnt: National Intellectual Property Office of Sri Lanka

Contents

1 INSTITUTIONAL PROFILE

1.1 INTRODUCTION

The National Intellectual Property Office established under the Intellectual Property Act, No. 36 of 2003 is mandated with the administration of intellectual property system in Sri Lanka.

Intellectual property plays a vital and a significant role in overall economic development of any given country, especially in today's context where the knowledge is prominently active and absolutely important. Sri Lanka is strongly feeling, more than ever before, the need for investment, innovative and creative activity and transfer of technology and flow of knowledge in all areas of human endeavour. This report gives a concise account of the activities undertaken by the National Intellectual Property Office (NIPO) in respect of administration of intellectual property in Sri Lanka for the year under review (2020).

Intellectual property is a bundle of legally enforceable rights resulting from creative activities of human minds. It encompasses the rights relating to the areas such as literary, artistic or scientific works, performances of performing artists, phonograms, broadcasts, inventions, industrial designs, trademarks, service marks, commercial names and designations, protection against unfair competition, geographical indications, undisclosed information and layout designs of integrated circuits. Intellectual property is a form of property, with some unique features of its own. It shares some characteristics associated with other property which a person can own. For example, intellectual property is an asset and has a monetary value. Like any other form of property, it can be owned, transferred, sold or licensed. Intellectual property is an intangible property which cannot be identified or defined by its own physical parameters. However, to be protectable, it must be expressed in a discernible form. Intellectual Property is divided into two categories, namely, industrial property and copyright.

1. Industrial Property includes patents for inventions, trademarks and service marks, industrial designs.

2. Copyright refers to protection granted to literary and artistic creations. The rights of performing artists, producers of sound recordings and broadcasting organizations are known as related rights or neighbouring rights.

1.2 VISION, MISSION AND OBJECTIVES

Vision

Be a leading government institution providing quality focused productive services with an objective to achieve a market oriented intellectual property system for the country.

Mission

Ensuring an intellectual property system which promotes economic sustainability through intellectual property creation, protection and commercialization.

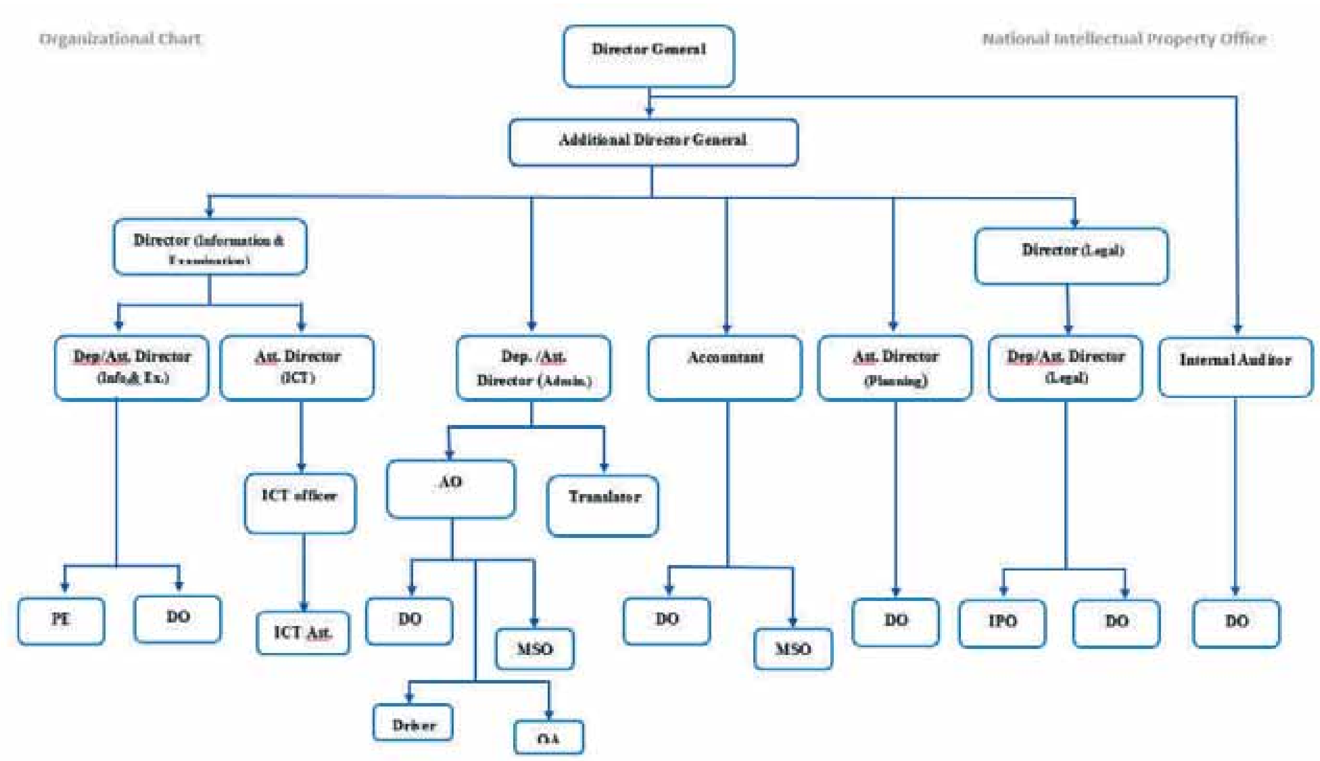
Objectives

I. Promotion of national creativity
II. Facilitation of fair trading
III. Promotion of investment
IV. Protection of consumer rights and to facilitate the integration of the national economy into knowledge based global activities

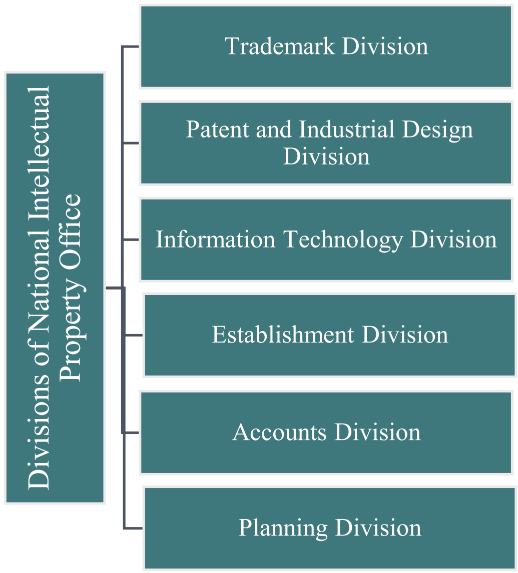
1.3 KEY FUNCTIONS

- Administration of intellectual property including registration of trademarks, patents, industrial designs and registration and administration of collective societies.
- Collection and dissemination of intellectual property information.
- Building awareness on the subject of intellectual property.
- Promotion of the use of intellectual property system in the economic development process.
- Fulfillment of international obligations of Sri Lanka relating to intellectual property and promotion of international and regional cooperation on intellectual property.
- Proposing policies on intellectual property.
- Dispute resolution in the field of copyright and related rights and to facilitate the enforcement of intellectual property rights.
- Registration and administration of Intellectual Property Agents.

1.4 ORGANIZATION STRUCTURE



1.5 Divisions of the Department



Trademark Division

Trademark Division provides an important service by registering trademarks and service marks which are categorized as industrial property under the subject of intellectual property.

A trademark application undergoes a complicated process up to the registration as per the stipulated provisions in the Intellectual Property Act, No. 36 of 2003.

Applications are examined as to the formality and subsequently the substantive examinations are conducted through the Industrial Property Automation System (IPAS) if the applications meet formality requirements. Upon examination, marks will be accepted for publication in the Government Gazette and refused applications may enter into the inquiry or submission process, if the applicants request for such action. Accepted marks will be published in the Government Gazette upon payment of publication fees and the registration certificates will be issued after 03 months upon payment of registration fees and in the absence of notices of opposition. If and when a third-party files a notice of opposition against a published trademark, opposition inquiry may commence and decision will be made upon finalizing such opposition inquiry. A party who is aggrieved by such decision can appeal directly to the Commercial High Court of Colombo.

This Division is headed by the Director - Legal and all the above functions are performed by a staff consisting of eight Intellectual Property Officers, fifteen Development Officers, one Management Service Officer and four Office Assistants under the direct supervision of two Assistant Directors..

Patent and Industrial Design Division

Examination of patent applications, grant of patents and examination of industrial design applications, registration of industrial designs are the main functions of the Patents and Industrial Design Division

This division is headed by the Director - Information and Examination and it comprises of two Assistant Directors, one Patent Examiner, nine Development Officers, one Management Service Officer and one Office Assistant.

This Division maintains data related to patents and industrial designs and is responsible to disseminate relevant information to general public, various government and non-government organizations and stakeholders.

This office examines domestic and international patent applications and grants patent protection for inventions which fulfill patentability criteria. Once a patent is granted, the office administers various post registration activities including renewals, assignments and licence contracts. This division is also responsible for collecting and disseminating patent and technological information of domestic and international for the use of scientific and trade communities, Research and Development Institutions, industrialists and others concerned.

This division examines the applications for registration of industrial designs and grant registration to those qualified and attends to the post-registration activities including renewals, assignments and licence contracts. Furthermore, this division collects and disseminates the information relating to industrial designs as well

Information Technology Division

This Division undertakes the tasks related to information communication technology such as updating the Industrial Property Automation System (IPAS) relevant to different steps in the IP process, providing access to search details of patents and trademarks at the time of filing applications, provision of requisite information to the applicants and updating the web site etc. This division is also headed by the Director - Information and Examination and it comprises of an Information and Communication Technology Officer and a Development Officer.

Establishment Division

Establishment Division is entrusted with recruitment of officers, facilitating to obtain capacity building opportunities to staff and providing of infrastructure facilities etc. enabling the Department to carry out its functions efficiently and effectively. This division is headed by an Administrative Officer and consists of one Translator, four Management Service Officers, one Development Officer, four Drivers and two Office Assistants.

Accounts Division

Receiving of the revenue collected by the Department through the shroff counter, adopting correct classification and accounting procedures to record transactions to books, payment of salaries to the office staff and incurring expenditure and payments, control over the departmental fixed assets, procurement activities and management of the Intellectual Property Fund are the main tasks entrusted to the Accounts Division. This division is headed by the Accountant and there are 10 officers discharging their duties under the supervision of the Accountant.

During the Covid-19 pandemic period in 2020, this office remained closed for a few months. In order to continue with office functions without disruption, online payment facilitation was set up. Accordingly, in coordination with other IP Divisions of NIPO, the Accounts Division was able to collect the revenue generated via online payments. Thus, this office managed to provide a successful system to the general public which enabled them to meet their deadlines related to intellectual property matters.

Planning Division

Planning Division is mainly responsible for developing a strategic plan towards accomplishment of the organizational objectives pertaining to the Vision and Mission of NIPO. It also plays the key role in formulation of the annual action plan based on feasibility aspects and identified development potential of the organization to the effect that specific objectives are achieved. This division is further responsible for monitoring, supervising and for the follow-up of on-going projects.

The submission of relevant statistics and progress reports to the World Intellectual Property Organization (WIPO) and other interested authorities has also been entrusted to this division. Enhancing mutual understanding and trust between the organization and general public by means of introducing a Citizen's Charter, and thereby increase the productivity of the organization has been undertaken by this division. This division is further responsible for preparation of the human resource development plan of the organization and matters related to performance enhancement of the officers, identification of local and foreign training opportunities in line with the goals of the organization. They also assist in making recommendations in respect of making payments related to development projects to concerned parties and to reach decisions in procurement activities etc.

The Planning Division is headed by an Assistant Director - Planning and consists of two Development Officers.

1.6 FUNDS AVAILABLE UNDER THE DEPARTMENT

Intellectual Property Fund

1.7 DETAILS OF FOREIGN AIDED PROJECTS

No

2 PROGRESS AND THE FUTURE OUTLOOK

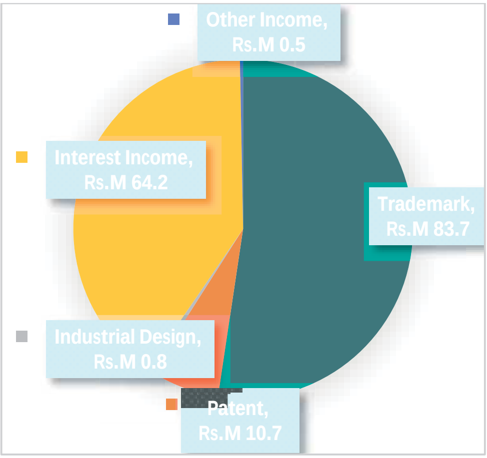
2.1 FINANCIAL PROGRESS

Revenue

The total revenue of the National Intellectual Property Office as at 31.12.2020 was Rs. 159.9 Mn. Of the said revenue 60% was earned by fees levied under the Intellectual Property Act and the remaining 40% was accounted as interest income earned from investing the surplus of the Intellectual Property Fund.

In pursuance of the provisions of the Intellectual Property Act, 1/3 of the revenue earned under the IP Act should be credited to the Consolidated Fund and the amount credited accordingly as at 31.12.2020 was Rs. 31.7 Mn.

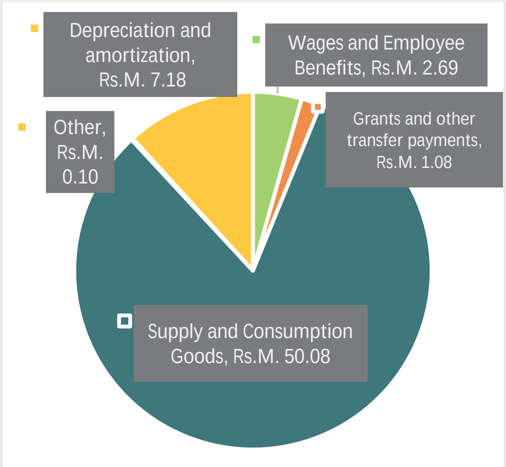
Graph 1: Total Income as at 31.12.2020



Expenditure

The Government has incurred Rs.39.7 Mn under the Appropriation Head 299 for wages and salaries of officers of NIPO in respect of administration of the Intellectual Property Fund. All other expenses have been borne under the Intellectual Property Fund, amounting to Rs. 52.4 Mn as at 31.12.2020.

Graph 2: Total Expenditure as at 31.12.2020



2.2 PHYSICAL PROGRESS

The progress of the National Intellectual Property Office is presented under three main categories, namely Tardemarks, Patents and Industrial Designs.

- ### Progress - Trademarks

Table 1: Performance of the trademark related activities for the year ended 31.12.2020

Activities		Physical Progress (Tasks attended by the Division)		
		Estimation	Actual	%
Applications Received		11,900	9,593	81%
	1. Substantive Examination and Preparation of Search Reports	16,836	12,551	75%
	2. Sending of letters to applicants (acceptance and rejection of applications)	17,284	9,511	55%
Publication Fees Paid Applications		11,533	3,918	34%

	3. No. of Trademark Applications referred to preparation of Gazette Notifications upon payment of publication fees by the applicants	14,336	7,684	54%
Registration Fees Paid Applications		10,844	6,773	62%
	4. Trademark Gazette Notifications published in the Government Gazette	14,298	5,932	41%
Renewal Fees Paid Applications		4,258	4,127	97%
	5. Renewal of Trademarks	4,936	2,456	50%
Payments for Recording of Assignments		1,494	1,162	78%
	6. Recordal of Assignments	3,383	510	15%
	7. Recordal of changes of names/addresses and other amendments	1,775	589	33%
	8.Removal of Trademark Files	1,200	1,188	99%
	9. Rejected applications being re-considered taking into consideration the written submissions and evidence presented in the form of affidavits.	2,400	1,357	57%
	10. Others	-		
	I. Payment of fees for Opposition Hearing	251	151	60%
	II. Public Search	5,245	3,838	73%
	III. Licence Contracts	51	13	25%
	IV. Requests for Cancellation and Renunciation of Marks, Rectification and Clerical errors	137	140	102%
	V. Request for General Certificates (not the Registration Certificate)	75	46	61%
	VI. Fees charged from the TM applicant to file his observations on the grounds of opposition	98	62	63%
	VII. Requests for Summery sheet on the current status of the TM Application	1,408	547	39%
	VIII. Priority Documents	4	16	400%
	IX. Deletion of Marks	6	1	17%

Due to the prevalence of Covid-19 pandemic situation in the country, Colombo city area in which NIPO is located was locked down. Thus, this office too remained closed for nearly three months.

In this backdrop, the NIPO staff continued to function through remote working commonly known as "Work From Home" (WFH). Further, only 1/3 of the staff had been called to the office premises for about 03 months. Despite such challenging circumstances, the Trademark Division had been able to achieve some of its targets beyond 100%.

- ## Analysis of Progress - Trademarks

As discussed below, Analysis of Progress of the Trademark Division was conducted under three main activities.

a) Comparison of examined applications with received applications

Table 2: Comparison of examined applications against received applications

Year	2017	2018	2019	2020
Applications Received	11,282	11,483	10,385	**9,593**
Applications Examined	21,606	6,542	10,224	**12,551**

Graph 3: Comparison of examined applications against received applications

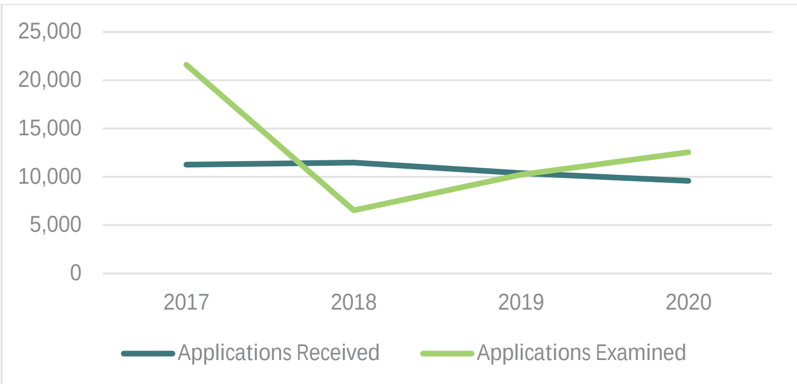


Table - 2 and Graph - 3 indicate a comparison of the number of trademark applications received with the number of applications examined during the previous four years. A gradual increase in the number of applications examined against the number of applications received has been observed since 2018.

b) Comparison of registration granted applications with received applications

Table 3: No. of applications received and registration granted

Year	2017	2018	2019	2020
Applications Received	11,282	11,483	10,385	**9,593**
Registrations Granted	10,622	5,192	14,993	**5,932**

Graph 4: Comparison between no. of applications received and registration granted

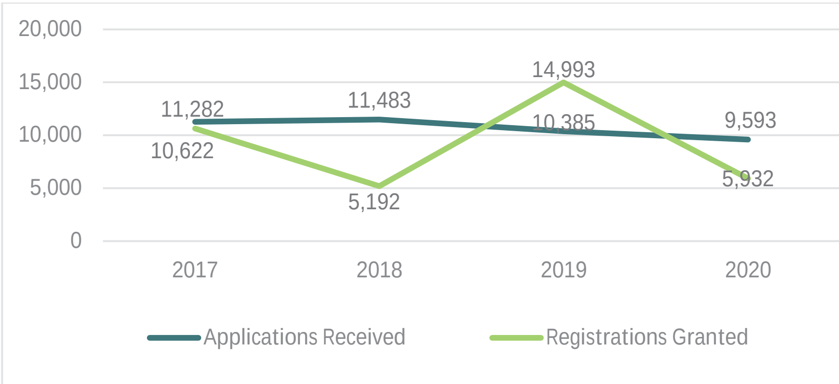


Table - 3 and Graph - 4 indicate a comparison of the number of trademark applications received with the number of applications registered. Accordingly, the fluctuation which had been observed in every other year was evident in this year too. As such comparatively lower rate of registration of applications was seen when compared to the number of applications received in 2020. The fact that the Work from Home (WFM) arrangement in the context of the Covid-19 pandemic did not deliver the same impact as some of the office work couldn't be performed at home can be attributed as a reason for this outcome.

c) Breakdown of registered applications into domestic and international

Table 4: Breakdown of registered applications into domestic and international

Year	2017	2018	2019	2020
Domestic Marks	6,324	1,998	5,250	**2442**
International Marks	4,298	3,194	9,743	**3590**

Graph 5: Breakdown of registered applications into domestic and international

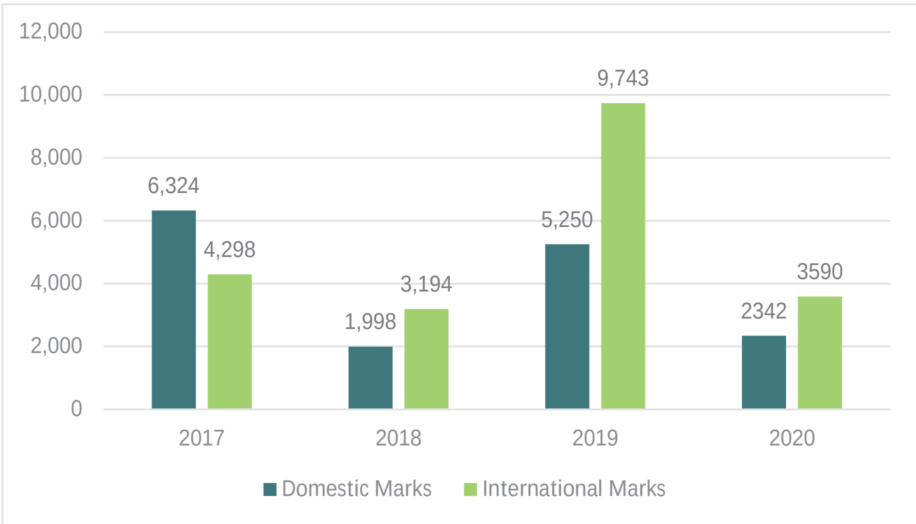


Table - 4 and Graph - 5 elaborate the breakdown of received trademark applications as domestic and international during the last four years.

- **Progress - Patent**

Table 5: Performance of the patent related activities for the year ended 31.12.2020

Activities	Physical Progress (Tasks attended by the Division)			Remarks
	Estimated	Actual	%	
01. Receiving of Applications	555	603	109%	
02. Examining formality requirements of the applications (Local, International & PCT)	1000	557	56%	**
03. Examining patentability requirements of applications	1220	922	76%	As a special project, it was targeted to conduct 500 examinations for the first quarter of the year. (240 examinations per each remaining quarters of the year.)
04. Examining Amendments	175	333	190%	
05. Preparation of Patent Journals for Publication	4	5	125%	
06. Preparing certificates to grant patents	240	273	114%	
07. Renewal of registered applications	640	322	50%	Actual number of applications received for renewal of already granted patents was less than the projection made in this regard. (No. of applications received stood at 510 and as a % it was 63%.)
08. Providing information for public/searching local database	880	497	56%	**
09. Granting Assignments	*	1		*Difficult to make specific targets with respect to requests made for change of name/address.
10. Providing Copies/ Certified Copies	*	18		
11. Changing Name/ Address	*	11		

** Due to the Covid-19 pandemic situation prevailing in the country, Colombo city area in which NIPO is located was locked down. Thus, this office too remained closed for nearly three months.

However, the NIPO staff continued to function through remote working commonly known as "Work From Home" (WFH). Further, only 1/3 of the staff had been called to the office premises for about 03 months. A salient outcome in the midst of such trying circumstances was that the Patent Division of NIPO has been successful in achieving more than 100% success in some of its activities.

- ## Analysis of Progress - Patent

As discussed below, progress in respect of the patent applications was analyzed under three main activities.

a) Comparison of examined applications with received applications

Table 6: No. of examined applications with received applications

Year	2017	2018	2019	2020
Applications Received	543	603	611	**603**
Applications Examined	1,120	1,059	1,117	**922**

Graph 6: No. of examined applications with received applications

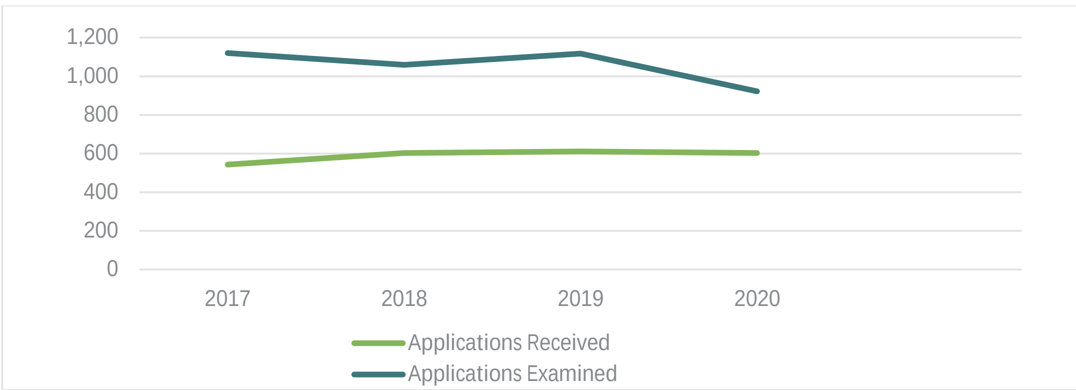


Table - 6 and Graph - 6 indicate the number of patent applications received and the number of applications examined during the last four years. Accordingly, gradual decrease in the backlog of work in the Patent Division can be anticipated in the future.

b) Comparison of registration granted with received applications

Table 7: Comparison of registration granted with received applications

Year	2017	2018	2019	2020
Applications Received	543	603	611	**603**
Registration Granted	181	212	175	**273**

Graph 7: Comparison of registration granted with received applications

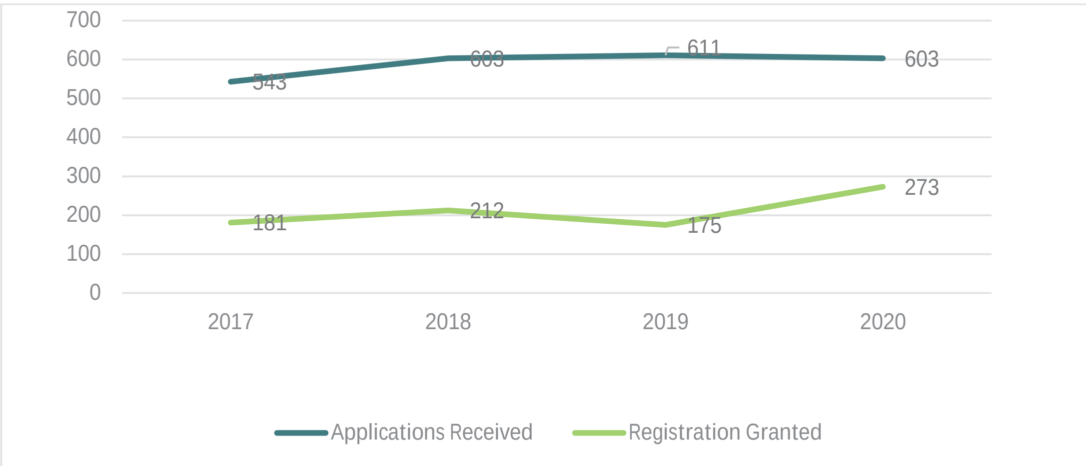


Table - 7 and Graph - 7 indicate the number of patent applications received and the number of patents granted during the last four years. It had been able to grant more patents in 2020 when compared with the year 2019.

c) Breakdown of patents granted into domestic and international

Table 8: Breakdown of patents granted into domestic and international

Year	2017	2018	2019	2020
Domestic	54	64	39	**47**
International	127	148	136	**226**

Graph 8: Breakdown of patents granted into domestic and international

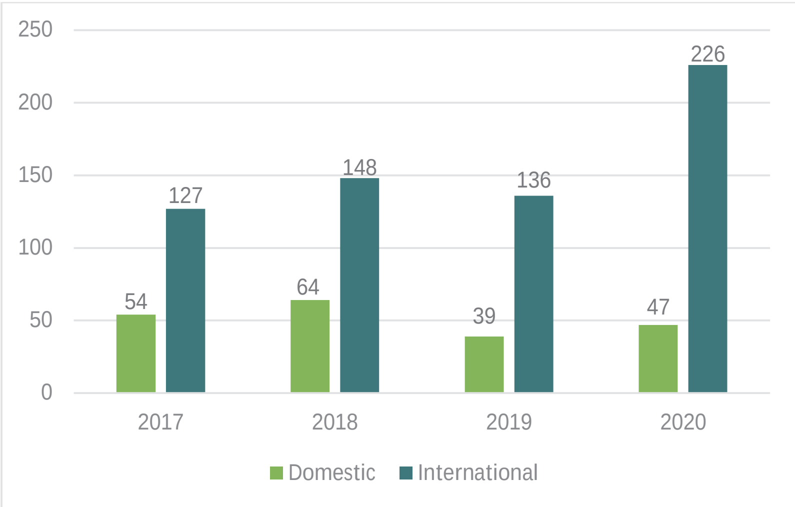


Table - 8 and Graph - 8 demonstrate the breakdown of received patent applications as domestic and international during the last four years. As such, significant increase can be observed with respect to international applications received.

- ## Progress – Industrial Designs

Table 9: Performance of the industrial designs related activities for the year ended 31.12.2020

Activities	Physical Progress (Tasks attended by the Division)		%	Remarks
	Estimated	Actual		
01. Receiving of applications (Local and International)	330	281	85%	NIPO remained closed for the public for a considerable period of time in 2020 due to the Covid-19 pandemic situation in the country. Work From Home (WFM) procedure was adopted for nearly 04 months. Further, 1/3 of the staff was called for duties for around 03 months. The progress depicted herein has been achieved under such difficult circumstances.
02. Examining formality requirements of applications (Local and International)	400	381	95%	
03. Substantive examination of Industrial Design Applications	320	288	90%	
04. Preparing Journals for publication	4	3	75%	
05. Preparing certificates	200	151	76%	
06. Renewal of registered applications	150	125	83%	
07. Providing information for public/searching local database	240	188	78%	
08. Granting Assignments	*	1		Prior predictions on targets cannot be made as the number can be varied in terms of request. These activities will be commenced only after the requests being made by the applicants.
09. Providing copies/ certified copies	*	51		
10. Changing Name/ Address	*	-		

- ## Analysis of Progress – Indutrial Designs

As discussed below, Analysis of Progress of the Industrial Designs Division was conducted under three main activities.

a) Comparison of examined applications with received applications

Table 10: No. of examined applications with received applications

Year	2017	2018	2019	2020
Received Applications	336	288	546	**281**
Examined Applications	259	242	449	**288**

Graph 9: No. of examined applications with received applications

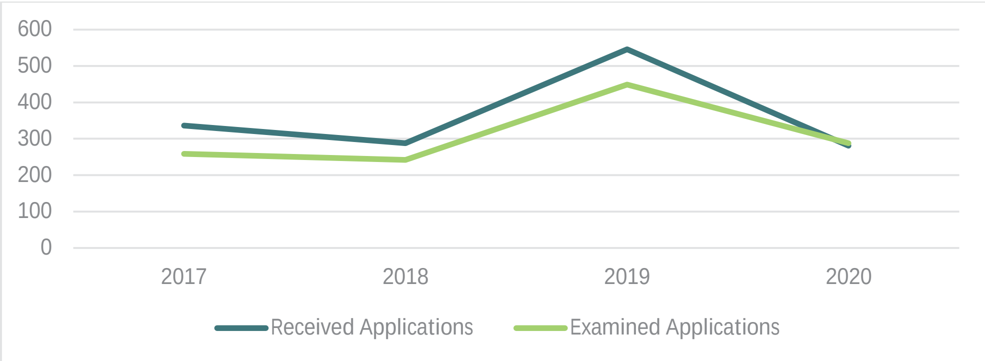


Table - 10 and Graph - 9 indicate the number of industrial design applications received and the number of applications examined during the last four years.

a. Comparison of registration granted with received applications

Table 11: Comparison of registration granted with received applications

Year	2017	2018	2019	2020
Received Applications	336	288	546	**281**
Registered Applications	330	124	258	**151**

Graph 10: Comparison of registration granted with received applications

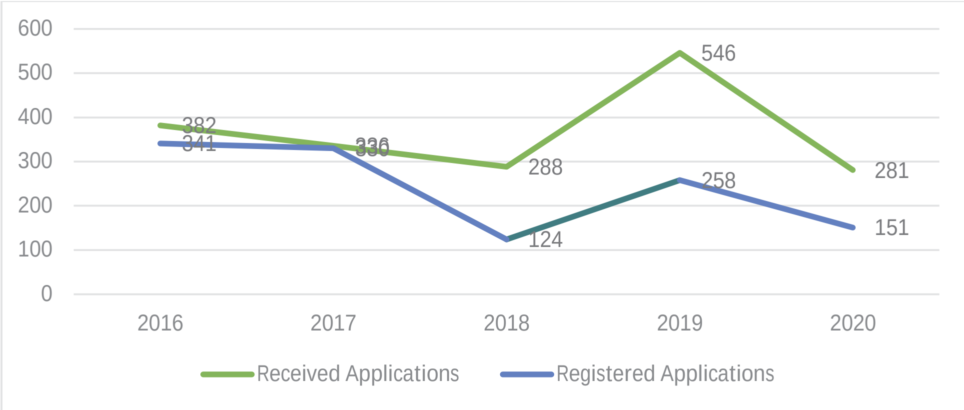


Table - 11 and Graph - 10 depict the number of industrial design applications received and the number of applications registered. As such, the infrequent increase in the receipt of industrial design applications in 2019 had been settled during this year.

b) Breakdown of registered industrial designs into domestic and international

Table 12: Breakdown of registered industrial designs applications into domestic and international

Year	**2017**	**2018**	**2019**	2020
Domestic	189	86	197	**122**
International	141	38	61	**29**

Graph 11: Breakdown of registered industrial designs applications into domestic and international

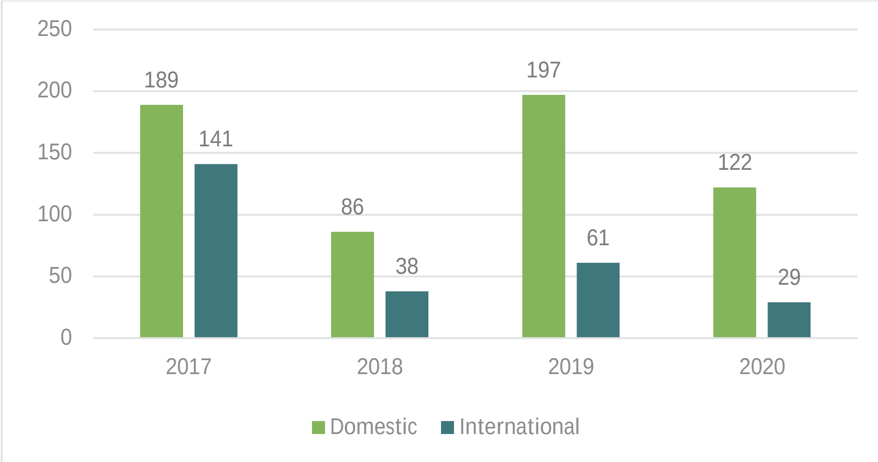


Table - 12 and Graph - 11 demonstrate the breakdown of received industrial design applications as domestic and international during the last four years. A significant downfall can be observed with respect to number of international applications registered in 2020 as compared with the previous years.

2.3 Special Achievements

- The approval of the Cabinet of Ministers was granted for accession to the Madrid Protocol administered by the World Intellectual Property Organization (WIPO) facilitating international registration of marks, and to draft enabling legislation to this effect by amending the Intellectual Property Act, No. 36 of 2003. Accordingly, the draft amendment has already been submitted to the Legal D raftsman's Department for approval.
- A regulation specifying minimum payment to be paid as a royalty to the artistes in the field of music ensuring their copyright has been published in the Gazette Notification No. 2164/70 dated February 28, 2020.

Accordingly, when a song or musical work or lyrics or any substantial part thereof being broadcasts once on radio and telecasts once on television, a sum of rupees twenty (20/-) and a sum of rupees one hundred (100/-) respectively should be paid as royalty.

- Preliminary Studies to become a member of the Hague System for the International Registration of Industrial Designs has already been completed.
- The proposed draft amendment to the Intellectual Property Act incorporating amendments facilitating registration of Geographical Indications (GIs) has been submitted to the Legal Draftsman's Department for approval.
- Four (04) Technology and Innovation Support Centers (TISCs) will be established during the year facilitating the general public to access patent related information.
- Approval of the Cabinet of Ministers was granted to submit the proposed amendment to the IP Act enabling implementation of the Marrakesh Treaty requirements in Sri Lanka as it requires Contracting Parties to the Treaty to introduce a standard set of limitations and exceptions to the existing copyright laws in the country.
- Preliminary studies on registration of Integrated Circuits of Layout Designs have already been completed.
- A project proposal concerning the protection of patent and industrial design files, enhance examination rate efficiency, digitalization of files enabling enhanced access to data has been prepared during the year and preliminary action in this respect has already been initiated.
- Workshops were held under the Enabling Intellectual Property Environment (EIE) project towards acceleration of innovation and commercialization of intellectual property work locally and internationally, by building capacities of Sri Lankan researchers.
- Despite the Covid-19 pandemic restrictions prevailing in the country, 04 meetings of the Intellectual Property Advisory Commission were held enabling NIPO to obtain approvals in respect of the proposed amendments to the IP Act and to propose new regulations.

- From March 2020 onwards, NIPO has been able to introduce online filing system for service delivery amidst the Covid-19 pandemic situation. It enabled NIPO to offer services to the public continuously without interruption.

NIPO excelled in the Annual Report Awards Competition held in 2020 by winning the 1st Runner up Award under the Department Category for its Annual Report for the year 2018.

2.4 CHALLENGES

Lack of a permanent building for the National Intellectual Property Office and insufficient office space

For over 27 years since 1993, this office has been located in the 3rd floor and part of the 2nd floor of the "Samagam Medura" building owned by the Department of the Registrar of Companies. It is being occupied on rent basis and the available office space for NIPO is limited. In the backdrop of repeated requests from the Department of the Registrar of Companies for nearly 05 years to vacate the space occupied by NIPO, attempts have been made to relocate the office in another suitable permanent location.

Even during the year under review, requests have been made to several public sector institutions in this regard. However, NIPO has not been able to find suitable premises yet.

Taking into consideration of the said facts, if NIPO had spent the allocations made by the Treasury for modernization of NIPO, it would have been a futile expenditure. Therefore, the proposed project on modernization of NIPO had not been implemented even in the year under review.

Hardships encountered in developing the Industrial Property Automation System (IPAS) of NIPO

The Memorandum of Understanding (MoU) entered into between the Information Communication Technology Agency (ICTA) and NIPO towards implementation of e-NIPO project to improve Industrial Property Automation System (IPAS) System was not duly implemented by ICTA. Thus, implementation of the e-NIPO project was stalled and it resulted in delays to modernize the said software system used by NIPO. Pursuant to the approval of the Cabinet of Ministers to a cabinet memorandum submitted in this regard, it has been decided that ICTA should provide the necessary assistance to proceed with this e-NIPO project by entering into a revised MoU between the two parties.

Accession to the Madrid Protocol

Accession to the Madrid Protocol administered by the World Intellectual Property Organization facilitating international registration of marks and amendment of the Intellectual Property Act as appropriately to this effect have been identified as a challenge.

2.5 RISK ANALYSIS AND STRATEGIES TO MITIGATE RISKS

Neither the Divisions associated with significant risks nor activities had been identified having regard to the scope of the National Intellectual Property Office during the year 2020. However, restricted human activities in the backdrop of health risks emerging from the country wide Covid-19 pandemic situation had negatively impacted on the progress of the institution during the year.

Action was taken by the Department to minimize the aforementioned impact by way of working in compliance with the health guidelines, calling only 1/3 of the staff to the office premises during the period in which pandemic was highly intensified and introducing the staff to function through remote working commonly known as “Work From Home” (WFH).

2.6 FUTURE GOALS

Short Term Goals

- To obtain sufficient space to relocate NIPO and restructuring of the office to enhance productivity.
- Accession to Madrid Protocol administered by the World Intellectual Property Organization (WIPO) in order to facilitate international registration of marks subsequent to obtaining approval of the Parliament for the proposed amendments to the IP Act.
- To improve NIPO as an attractive and a highly productive Government Department.
- To establish 02 Technology and Innovation Support Centres (TISCs) during the year 2021 facilitating the general public to access patent related information.

- To formulate a guideline for registration of Integrated Circuits.
- Preparation of a project report in respect of accession to the Hague System for the International Registration of Industrial Designs and to hold consultations in this regard.
- To conduct workshops on EIE Project in view of intellectual property related innovations and to accelerate commercialization locally and internationally.
- Facilitate Registration of Geographical Indications (GIs).

Geographical Indications (GIs) are used to identify products that have a specific geographical origin which possess qualities or a reputation due to the said geographical origin benefitting consumers and traders. It is envisaged that the registration of GIs such as Ceylon tea and Ceylon Cinnamon would facilitate local producers to access global high-end markets. Currently, the National Intellectual Property Office does not have a mechanism to register GIs and only Certification Marks are being registered to grant protection for GIs.

- To develop IPAS system of the National Intellectual Property Office (NIPO) into the next level.

Long Term Goals

- Enhance public access to patent and non-patent technical information.
- To introduce the project on digitalization of files.
- Building up of an Enabling Intellectual Property Environment (EIE).
- To facilitate registration of Integrated Circuits.
- To facilitate accession to the Hague System for the International Registration of Industrial Designs.
- To further improve the mechanism of royalty payments to original authors in respect of songs, musical works etc. aired over electronic media.

Geethanjali R. Ranawaka
Director General of Intellectual Property

3. OVERALL FINANCIAL PERFORMANCE

3 (A). OVERALL FINANCIAL PERFORMANCE - IPF

3. (A) 1. FINANCIAL STATEMENTS

Intellectual Property Fund

Statement of Financial Performance for the period ended 31.12.2020

	Notes	2020.12.31	2019.12.31
		Rs.	Rs.
Revenue			
Revenue from Trademarks	3	55,822,249	65,078,863
Revenue from Patents	3	7,108,482	6,587,974
Revenue from Industrial Designs	3	533,638	805,172
Other Revenue	4	473,269	742,200
Profits from Investments		-	909,314
Interest Income from Investments	5	64,241.112	70,238,183
Total Revenue		**128,178,750**	**144,361,706**
Expenditure			
Wages, Salaries, and other Employment Benefits	2	2,691,540	4,968,034
Grants and other Transfer Payments	2	1,077,030	1,068,017
Supplies and Consumables	2	50,079,471	44,784,586
Others	2	103,235	162,115
Depreciation and Amortization	2	7,175,802	6,372,725
Financial Costs	2	-	-
Total Expenditure		**61,127,078**	**57,355,456**
Surplus / (Deficit) for the Period		**67,051,672**	**87,006,250**

Intellectual Property Fund
Statement of Financial Position as at 31.12.2020

	Note	2020.12.31	2019.12.31
		Rs.	Rs.
Assets			
Current Assets			
Cash and Cash Equivalents	8	1,886,552	1,706,397
Income Receivable	9	8,829,362	50,766,259
Short Term Investments	7	851,641,767	731,949,520
Pre-Payments	11	5,236	20,058
		862,362,917	**784,442,234**
Non-Current Assets			
Plant, Property and Equipment	6	35,324,725	41,620,851
Reimbursements Receivable – Intellectual Property Promotion Center		22,298,751	22,298,751
		57,623,477	**63,919,602**
Total Assets		**919,986,394**	**848,361,837**
Liabilities			
Accrued Expenditure		10,111,763	4,633,614
Non-Current Liabilities	12	-	-
Total Liabilities		**10,111,763**	**4,633,614**
Net Assets		**909,874,631**	**843,728,223**
Net Assets/Equity			
Accumulated Surplus/ Deficiency	10	909,874,631	843,728,223
Total Net Assets/ Equity		**909,874,631**	**843,728,223**

R.P.S. Rajapaksha
Accountant

R.P.S. Rajapaksha
Accountant
National Intellectual Property Office of Sri Lanka
"Samagam Madura", 3rd Floor,
400, D.R. Wijewardhana Mw, Colombo 10.

Geethanjali.R.Ranawaka
Director General of Intellectual Property

Geethanjali R.Ranawaka
Director General of Intellectual Property
National Intellectual Property Office of Sri Lanka
"Samagam Medura", 3rd floor
No.400, D.R.Wijewardhana Mw.

The financial statements prepared in pursuance of Section 176(5) of the Intellectual Property Act, No. 36 of 2003 have been approved on 2021.02..22 for the purpose of auditing the accounts of the Intellectual Property Fund by the Auditor General in terms of the powers vested upon him by Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka.

J M Bhadranie Jayawardena
Secretary
Ministry Of Trade

J. M. B. Jayawardana
Secretary
Ministry of Trade
CWE Secretariat Building
No. 27, Vauxhall ... Colombo 02.

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Intellectual Property Fund

Consolidated Cash Flow Statement for the year ended 31.12.2020

Cash Flow in terms of Direct Method

	2020.12.31	2019.12.31
Cash Flows from Operating Activities	Rs.	Rs.
Receipts		
Tax	2,175	15,895,578
Sale of Goods and Services	95,196,554	108,708,013
Interest Received	106,071,184	49,234,169
Other Proceeds	1,013,473	982,219
Payments		
Employment Costs	(2,742,271)	(5,080,021)
Payments to Suppliers	(45,664,349)	(53,895,422)
Other Payments	(1,606,526)	(2,371,454)
Net Cash Flow from Operating Activities	**152,270,241**	**113,473,081**
Cash Flows from Investing Activities		
Purchasing of Plant and Equipment	(665,654)	(6,013,467)
Proceeds from selling of Plant and Equipment	-	-
Interest from Investment Maturity	1,381,471,716	692,200,102
Purchasing of Investments	(1,501,163,963)	(756,663,633)
Net Cash Flow from Investing Activities	**(120,357,901)**	**(70,476,998)**
Cash Flows from Financing Activities		
Repayment of Tax Income	-	(11,717,871)
Government Disbursements	(31,732,185)	(36,236,004)
Net Cash Flow from Financing g Activities	**(31,732,185)**	**(47,953,875)**
Net Gain/(Loss) of Cash and Cash Equivalents	180,155	(4,957,792)
Cash and Cash Equivalents as at 01.01.2018	1,706,397	6,664,189
Cash and Cash Equivalents as at 31.12.2018	**1,886,552**	**1,706,397**

Intellectual Property Fund

Statement of Changes in Equity for the year ended 31.12.2020

	Stated Capital Rs.	Retained Profit/ Loss Rs.	Total Rs.
Balance as at 01.01.2019	**753,054,628**	**-**	**753,054,628**
Prior Year Adjustments	-	(1,910,905)	(1,910,905)
Revaluation Profit	-	5,578,250	5,578,250
Net Profit for the Year	-	87,006,250	87,006,250
Balance as at 31.12.2019	**753,054,628**	**90,673,595**	**843,728,223**
Balance as at 01.01.2020	843,728,223	-	843,728,223
Prior Year Adjustments	-	(905,264)	(905,264)
Revaluation Profit	-	-	-
Net Profit for the Year	-	67,051,672	67,051,672
Balance as at 31.12.2020	**843,728,223**	**66,146,408**	**909,874,631**

3 (A) 2. Performance of the Utilization of Allocations - IPF

Table 13: Performance of the Utilization of Allocations

Type of Allocation	Allocation		Actual Expenditures (Rs.000)	Allocation utilization as a % of Final Allocation
	Original (Rs.000)	Final (Rs.000)		
Recurrent	45,100	45,100	43,070	56.92%
Capital	8,000	8,000	665	8.32%

3 (A) 3. Performance of the Donations and other Grants -IPF

Table 14: Performance on the Donations and Other Receivables

No.	Institution from which Grant was received	Purpose	Allocation		Actual Expenditures (Rs.000)	Allocation utilization as a % of Final Allocation
			Original (Rs.000)	Final (Rs.000)		
–	–	–	–	–	–	–

3 (A) 4. Performance of the Reporting of Non-Financial Assets -IPF

Assets Code	Code Description	Balance as per Board of Survey Report as at 31.12.2019	Balance as per Financial Position Report as at 31.12.2019	Yet to be Accounted	Reporting Progress as a %
9151	Building and Structures	-	-	-	-
9152	Machinery and Equipment	35,324	35,324	-	100%
9153	Lands	-	-	-	-
9154	Intangible Assets	-	-	-	-
9155	Biological Assets	-	-	-	-
9160	Work in Progress	-	-	-	-
9180	Leased Assets	-	-	-	-

3 (A) 5. AUDIT REPORT – INTERLECTUAL PROPERTY FUND (IPF)

ENGLISH TRANSLATION

TAC/A/IPOF/FS/20/18

Director General
National Intellectual Property Office of Sri Lanka

The Summarized Report of the Auditor General on the Financial Statements and on other Legal and Regulatory Requirements of the National Intellectual Property Fund of Sri Lanka for the year ended 31 December 2020 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Intellectual Property Fund of Sri Lanka for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020, the statement of financial performance, statement of changes of equity and the statement of cash flows for the year then ended and notes to the financial statements, Including a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in the National Audit Act, No. 19 of 2018 read with the provisions in the Section 176(6) of Chapter xxxvii of the Intellectual Property Act, no.36 of 2003 and Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My Report in pursuance of provisions in Article 154(6) of the Constitution will be tabled in Parliament in due course.

In my opinion, except for the possible effect of the matter described in basis for qualified opinion paragraph, the financial statements of the Fund give a true and fair view of the financial position of the office as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Sri Lanka Public Sector Accounting Standards.

1.2 Basis for the Qualified Opinion

Yet the revaluation gain of Rs.5, 578,250 from revaluation of three categories of assets last year should be shown as the revaluating surplus in the statement of changes of equity separately, it was adapted to the cumulative deficit.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities on financial statements are further described in the *Auditor's Responsibilities* section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of the Management and Administrating Parties.

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka public sector Accounting Standards, and internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparation of financial statements, the management is responsible for the determination of capability to continuous as–a going concern of the fund, also, responsibility of management to prepare the accounts on the going concern basis and to disclose the matters related to going concern, unless its either intends to liquidate the fund or to case the operational activities when there is no other alternatives.

Responsibility of examining the process of financial record of fund is accredited to the Administrating party.

As per Section 16(1) of the National Audit Act, No. 19 of 2018, the fund is required to maintain books and records of income, expenditure, assets and liabilities properly in order to prepare annual and periodic financial statements.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes my opinion. Although reasonable assurance is a high level of assurance, but it is not a guarantee to the effect that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect material misstatement when they exists. Misstatements can be arisen to a quantitative extent due to the effects of fraud and error on individual or aggregate basis, and its' quantity is depend on the impact to the economic decisions taken on the basis of these financial statements by the users.

I undertook the audit in terms of Sri Lanka Auditing Standards with professional judgment and professional skepticism. I also:

- In provision of a basis for the opinion of audit, designed and performed audit procedures as appropriate to the circumstances to identify and assess the risks of material misstatements of the financial statements whether due to fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions or the override of internal control.
- Not with the intention to express an opinion on the effectiveness of the internal control, yet an understanding was gained on the internal control in order to design audit procedures as appropriate to the circumstances.
- Evaluated the suitability of the accounting principles, fairness of the accounting assessments utilized and related disclosures done by the management.
- Determined the relevancy of adapting the basis of continuity of the fund for the accounting based on the audit evidences obtained on whether there is quantitative uncertainty about the continuous existence of the fund. If I deduced that there is a quantitative uncertainty, my audit report should be focused on the disclosures in that regard in financial statements and if the disclosures are not adequate my opinion should be modified. Continuity, however may terminate on future events or circumstances.

- Evaluated whether the financial statements are appropriately and reasonably inclusive of transactions and incidents underlying the structure and contents of the financial statements and overall presentation of financial statements.

  I will make the administrating parties aware on the significant audit findings, major internal control deficiencies and other matters that have been identified during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 Special provisions on the requirements stated in the National Audit Act, No. 19 of 2018 are comprehended.

2.2 In terms of the section 6(1) (E) (iii) of National Audit Act, No. 19 of 2018, Financial Statements presented are consistent with that of the preceding year.

2.3 In terms of the section 6(1) (E) (iv) of National Audit Act, No. 19 of 2018, The recommendations given by me with respect to the financial statements of the preceding year have been included.

3. Operational Review

3.1 Performance

Below observations are done.

(a) Registration of Trademarks,

(i) Out of the 5,932 trademark registration cases in the cumulative year, 760 were applications received before 2010, and the Director General commented that the delay was due to the nature and complexity of the trademark registration process. Yet in terms of the section 118 (1) and (2) of the Intellectual Property Act, validity period of a trademark is limited to 10 years from the date of registration and as well the issuance is done so as to be validated from the date of application. Therefore the trademarks had been already cancelled even when they were registered.

(ii) Out of 9593 applications received for trademark registration during the year, 6294 had been commenced to work, but had not been processed up to the level of trademark registration during the year under review.

(iii) After the payments were done for the publication of applications qualified for registration, registration should be done of the application. However due to the Covid -19 pandemic, it has unable to register 3466 no. of applications which were completed payments by 31st of December 2020.

(b) Steps should be taken to grant patent in the same year that the applications were submitted for Patent. However it shows a great delay in granted patents, as 258 patents out of 273 granted patents in year 2020 were of the applications submitted from year 2008 to 2018.

3.2 Functions of Management

Yet it planned to design the project report on the accession to the Hague System which facilitates the registration of Industrial Designs internationally, only the basic study has been done.

Sgd. W.P.C. Wickramarathne
Auditor General

3 (B) OVERALL FINANCIAL PERFORMANCE - HEAD 299

3 (B) 1. STATEMENT OF FINANCIAL PERFORMANCE

National Intellectual Property Office of SrI Lanka ACA -F

Statement of Financial Performance

for the period ended 31st December 2020

Head 299 Rs.

Budget 2019		Note	Actual 2020	Actual 2019	
-	**Revenue Receipts**		-	-	
-	Income Tax	1	-	-	ACA-1
-	Taxes on Domestic Goods & Services	2	-	-	ACA-1
-	Taxes on International Trade	3	-	-	ACA-1
-	Non Tax Revenue & Others	4	-	-	ACA-1
-	**Total Revenue Receipts (A)**		-	-	
-	**Non Revenue Receipts**		-	-	
40,880,000	Treasury Imprests		39,702,000	36,003,000	ACA-3
-	Deposits		21,950	84,301	ACA-4
5,000,000	Advance Accounts		2,927,403	3,478,488	ACA-5/5(a)/5(b)
2,669,400	Other Receipts		2,398,948	2,315,203	
48,549,400	**Total Non Revenue Receipts (B)**		45,050,302	41,880,992	
48,549,400	**Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)**		45,050,302	41,880,992	
	Less: Expenditure				
-	**Recurrent Expenditure**		-	-	ACA-2(ii)
44,500,000	Wages, Salaries & Other Employment Benefits	5	42,575,009	35,919,055	ACA-2(ii)
-	Other Goods & Services	6	-	-	ACA-2(ii)
600,000	Subsidies, Grants and Transfers	7	494,930	332,629	ACA-2(ii)
-	Interest Payments	8	-	-	ACA-2(ii)
-	Other Recurrent Expenditure	9	-	-	ACA-2(ii)
45,100,000	**Total Recurrent Expenditure (D)**		43,069,939	36,251,684	
	Capital Expenditure				
-	Rehabilitation & Improvement of Capital Assets	10	-	-	ACA-2(ii)
	Acquisition of Capital Assets	11	-	-	ACA-2(ii)
-	Capital Transfers	12	-	-	ACA-2(ii)
-	Acquisition of Financial Assets	13	-	-	ACA-2(ii)
-	Capacity Building	14	-	-	ACA-2(ii)
-	Other Capital Expenditure	15	-	-	ACA-2(ii)
-	**Total Capital Expenditure (E)**		-	-	
	Main Ledger Expenditure (F)		1,872,464	3,297,724	
	Deposit Payments		21,950	84,301	ACA-4
	Advance Payments		1,850,514	3,213,423	ACA-5/5(a)/5(b)
45,100,000	**Total Expenditure G = (D+E+F)**		44,942,403	39,549,409	
3,449,400	**Imprest Balance as at 31st December2019 H = (C-G)**		107,899	2,331,583	

3 (B) 2. STATEMENT OF FINANCIAL POSITION – HEAD 299

National Intellectual Property Office of Sri Lanka ACA-P

Statement of Financial Position

As at 31st December 2020

Head 299

	Note	Actual 2020 Rs	2019 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	4,281,267	3,861,267
Financial Assets			
Advance Accounts	ACA-5/5(a)	8,848,675	9,925,314
Cash & Cash Equivalents	ACA-3	34,516	6,592
Total Assets		**13,164,458**	**13,793,173**
Net Assets / Equity			
Net Worth to Treasury		8,848,675	9,925,314
Property, Plant & Equipment Reserve		4,281,267	3,861,267
Rent and Work Advance Reserve	ACA-5(b)	-	-
Current Liabilities			
Deposits Accounts	ACA-4	-	-
Imprest Balance	ACA-3	34,516	6,592
Total Liabilities		**13,164,458**	**13,793,173**

Detail Accounting Statements in ACA format Nos. 1 to 6 presented in pages from 01 to 47 and Notes to accounts presented in pages from 48 to 55 form and integral parts of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Finacial Statements, Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found to in agreement.

Chief Accounting Officer
Name : J.M.Bhadranie Jayawardhana
Designation : Secretary,
Ministry of Trade

Accounting Officer
Name : G.R.Ranawaka
Designation : Director General of National

~~Chief Financial Officer/~~ Chief Accountant/
~~Director (Finance)/ Commissioner (Finance)~~
Name : R.P.S.Rajapaksha

J. M. B. Jayewardena
Secretary
Ministry of Trade
CWE Secretariat Building
No. 27, Vauxhall Street, Colombo 02.

Geethanjali R.Ranawaka
Director General of Intellectual Property
National Intellectual Property Office of Sri Lanka
"Samagam Medura", 3rd Floor
No 400, D.R.Wijewardhana Mw
Colombo 10

R.P.S. Rajapaksha
Accountant
National Intellectual Property Office of Sri Lanka
"Samagam Madura",
400, D.R. Wijewardhana Mw,

3 (B) 3. STATEMENT OF CASH FLOWS – HEAD 299

National Intellectual Property Office of SrI Lanka ACA-C
Statement of Cash Flows
for the Period ended 31st December 2019

Head 299

	Actual 2020 Rs.	2019 Rs.
Cash Flows from Operating Activities		
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non Revenue Receipts	4,650	62,176
Revenue Collected for the Other Heads	-	-
Imprest Received	39,702,000	36,003,000
Total Cash generated from Operations (a)	39,706,650	36,065,176
Less - Cash disbursed for:		
Personal Emoluments & Operating Payments	38,198,632	30,987,753
Subsidies & Transfer Payments	494,930	332,629
Expenditure on Other Heads	-	1,934,667
Imprest Settlement to Treasury	34,516	6,592
Total Cash disbursed for Operations (b)	**38,728,077**	**33,261,641**
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(a)-(b)	**978,573**	**2,803,535**
Cash Flows from Investing Activities		
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Recoveries from On Lending	-	-
Recoveries from Advance	48,320	186,602
Total Cash generated from Investing Activities (d)	**48,320**	**186,602**
Less - Cash disbursed for:		
Purchase or Construction of Physical Assets & Acquisition of Other Investment	-	-
Advance Payments	1,004,943	2,969,337
Total Cash disbursed for Investing Activities (e)	**1,004,943**	**2,969,337**
NET CASH FLOW FROM INVESTING ACTIVITIES(F)=(d)-(e)	**(956,623)**	**(2,782,735)**
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (g)=(c) + (f)	**21,950**	**20,800**
Cash Flows from Flanacing Activities		
Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Deposit Received	-	63,501
Total Cash generated from Financing Activities (h)	-	**63,501**
Less - Cash disbursed for:		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Deposit Payments	21,950	84,301
Total Cash disbursed for Financing Activities (i)	**21,950**	**84,301**
NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(h)-(i)	**(21,950)**	**(20,800)**
Net Movement in Cash (k) = (g) -(j)	-	-
Opening Cash Balance as at 01st January	-	-
Closing Cash Balance as at 31st December	-	-

3 (B) 4. NOTES TO FINANCIAL STATEMENTS – HEAD - 299

Basis of Reporting

1) Reporting Period

The reporting period for these Financial Statements is from 01st January to 31St December 2020.

2) Basis of Measurement

The Financial Statements have been prepared on historical cost modified by the revaluation of certain assets and accounted on a modified cash basis, unless otherwise specified.

The figures of the Financial Statements are presented in Sri Lankan rupees rounded to the nearest rupee.

3) Recognition of Revenue

Exchange and non exchange revenues are recognised on the cash receipts during the accounting period irrespective of relevant revenue period.

4) Recognition and Measurement of Property, Plant and Equipment (PP&E)

An item of Property, Plant and Equipment is recognized when it is probable that future economic benefit associated with the assets will flow to the entity and the cost of the assets can be reliably measured.

PP&E are measured at a cost and revaluation model is applied when cost model is not applicable.

5) Property, Plant and Equipment Reserve

This revaluation reserve account is the corresponding account of PP&E.

6) Cash and Cash Equivalents

Cash & cash equivalents include local currency notes and coins on hand as at 31st December 2020.

3 (B) 5. PERFORMANCE OF REVENUE COLLECTION - HEAD 299

Revenue Code	Description of Revenue Code	Revenue Estimate		Revenue Collected	
		Initial Estimate	Final Estimate	Amount (Rs.)	Final Revenue as a % of the Estimate
-	-	-	-	-	-

3 (B) 6. PERFORMANCE OF THE UTILIZATION OF ALLOCATIONS – HEAD 299

Type of Allocation	Allocation		Actual Expenditures (Rs.000)	Allocation utilization as a % of Final Allocation
	Original (Rs.000)	Final (Rs.000)		
Recurrent	87,113	87,113	49,586	96%
Capital	–	–	–	–

3 (B) 7. ALLOCATIONS GRANTED TO THIS DEPARTMENT AS A REPRESENTATIVE OF OTHER MINISTRIES/DEPARTMENTS IN TERMS OF F.R.208 - HEAD 299

Index	Ministry/Dept. - grant allocations	Purpose of Allocation/grant	Allocation		Actual Cost	Utilized allocations as a % of received
			Initial Estimate	Final Estimate		
–	–	–	–	–	–	–

3 (B) 8. PERFORMANCE OF THE REPORTING OF NON-FINANCIAL ASSETS – HEAD 299

Table 15: Performance of the Reporting of Non-Financial Assets

Assets Code	Code Description	Balance as per Board of Survey Report as at 31.12.2019	Balance as per Financial Position Report as at 31.12.2019	Yet to be Accounted	Reporting Progress as a %
9151	Building and Structures	-	-	-	-
9152	Machinery and Equipment -Head	4,281	4,281		100%
9153	Lands	-	-	-	-
9154	Intangible Assets	-	-	-	-
9155	Biological Assets	-	-	-	-
9160	Work in Progress	-	-	-	-
9180	Leased Assets	-	-	-	-

3(B)9. AUDIT REPORT – HEAD 299

ENGLISH TRANSLATION

Letter No. TCM/B/IPO/01/20/09

Director General
National Intellectual Property Office of Sri Lanka

The Summary Report of the Auditor General on the Financial Statements of the Intellectual Property Office for the year ended 31 December 2020 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018

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1. Financial Statements

1.1 Opinion

The audit of financial statements of the National Intellectual Property Office of Sri Lanka for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020, and the statement of financial performance and the cash flow statement for the year then ended were 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 the provisions in the National Audit Act, No. 19 of 2018. My comments and observations on the financial statements being presented to the National Intellectual Property Office in terms of the section 11(1) of the National Audit Act, No. 19 of 2018 appeared in this report. The annual detailed Management Audit Report was issued to the Chief Accounting Officer on the 11th of May 2021 in terms of the section 11(2) of the National Audit Act, No. 19 of 2018. The Audit Report to be presented in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read with section 10 of the National Audit Act, No. 19 of 2018 will be presented to the parliament in due course.

In my opinion, the financial statements give a true and fair view of the financial position of the office as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the generally accepted Accounting Principles except from the effects of the facts described in paragraph 1.6 of this report.

1.2 Basis for the Qualified Opinion

My opinion is qualified on the basis of the facts indicated in the paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities on financial statements are further described in the *Auditor's Responsibilities* section of this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally accepted Accounting Principles and provisions stipulated in section 38 of the National Audit Act, No. 19 of 2018 and determination of necessary internal control as required for the preparation of financial statements that are free from material misstatements occurring due to fraud and error.

As per Section 16(1) of the National Audit Act, No. 19 of 2018, the office is required to maintain books and records of all its income, expenditure, assets and liabilities properly in order to prepare annual and periodic financial statements.

In terms of the Sub –section 38(1) (c) of the National Audit Act, No. 19 of 2018, the Accounting officer shall ensure that an effective internal control system is developed and maintained for the financial control of the National Intellectual Property Office of Sri Lanka and the effectiveness of the system should be reviewed periodically and thereby make necessary alterations as required to effectively carry out it.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes my opinion. Although reasonable assurance is a high level of assurance, but it is not a guarantee to the effect that an audit which is being conducted in accordance with the Sri Lanka Auditing Standards, will always devoid of material misstatements. Misstatements can be arisen to a quantitative extent due to the effects of fraud and error on individual or aggregate basis, and attention of users may be made on this when they are taking economic decisions based on these financial statements.

As a part of the Audit in terms of the Sri Lanka Auditing Standards, I undertook the audit in terms of Sri Lanka Auditing Standards with professional judgment and professional skepticism. I also:

- Obtain sufficient and appropriate audit evidence which is the base for my opinion in order to avoid risk arisen from fraud or error by designing appropriate audit procedures as appropriate to identify and assess the risk of material misstatements of the financial statements whether due to fraud or error. The consequence of a fraud has a potent effect than that of a material misstatement and collusion, forgery, intentional omissions or the override of internal control may be contributory towards resulting a fraud.
- Do not expect to express an opinion on the effectiveness of the internal control, an understanding was gained on the internal control in order to design audit procedures as appropriate to the circumstances.
- Evaluate whether the financial statements are appropriately and reasonably inclusive of transactions and incidents underlying the structure and contents of the financial statements including disclosures.
- Evaluate whether the transactions and incidents underlying the structure and contents of the financial statements are appropriately and reasonably included in overall presentation of the financial statements.

I have made the Accounting Officer aware on the significant audit findings, major internal control deficiencies and other matters that have been identified during my audit.

1.5 Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

a) The financial statements are consistent with the preceding year.
b) The recommendation done by me on the financial statements of the preceding year was acted upon and the discussions were held related to the obtaining of Cloud Server on behalf of the Physical Server System yet no concurrence had been reached.

Audit Observation

It has been received a provision of Rs.97,000,000 from the line ministry from year 2016 to 31st of December 2019 for the implementation of the project on accession of Madrid Protocol and utilized Rs. 79,917,430 out of the total allocation. A sum of Rs.32, 500,000 has been paid to the Information and Communication Technology Institution on 30th December 2016 for the procurement process of purchasing the server machine required for the project and for the accomplishment of the installation and the maintenance of the system. A memorandum of understanding has been signed for the purpose and the work had to be accomplished within a period of 06 months.

However the work has not been completed even by the end of September 2020. Yet it has been informed to take necessary actions for the re-entering into an agreement as per the Cabinet Decision No. CM/20/0139/215/009 dated 20.02.2020, the purchase or taking of an alternative action had not been happened by the end of September 2020.

Recommendation

Maximum benefits should be reaped from the money spent.

Comments by the Accounting Officer

Discussions are ongoing with the Information and Communication Technology Institution.

1.6 Comments on financial Statements

1.6.1. Cash Flow Statement

Below are the observations.

a) As per the books and the records of the department, the total of the non-revenue receipts was Rs.2,398,948 and the personal emoluments were Rs. 42,545,229 but they were mentioned as Rs. 4651 and Rs.38,198,632 respectively removing cross entries under cash flow generated from operating activities in the cash flow statements.
b) As per the books and the records of the department, yet the advance recovery and payment were Rs.3.029,541 and Rs.1,850,764 respectively, they were mentioned in the cash flow statement as Rs.48,420 and Rs.1,004,43, under cash flow generated from investment activities.
c) Deposits Receipts of Rs. 21,950 was not mentioned under the cash flow generated from financial activities.

1.6.2. Imprest Adjustment Account

The following observations were made.

Under Financial Regulation No. 208, the amount of Rs. 205,051 incurred by the department for other departmental expenditure heads and the amount of Rs.102,138 incurred by the other departments for own main ledgers had not been adjusted in the Imprest Adjustment Account.

2. Financial Review

2.1 Certification to be made by the Accounting Officer

In terms of the section 38 of the National Audit Act No.19 of 2018, the Accounting Officer should ensure that effective internal control system is formulated and maintained. Yet due to the non- appointment of an internal auditor and in accordance with the observation in the paragraph 3.2 in the report, the requirement had not been fulfilled.

2.2 Non - Compliance with the laws, rules and regulations.

In terms of the section 01 and 05 of the Public Administrative Circular No. 02/2018 dated 24th of January 2018, each officer should sign the performance agreements and on behalf of the planned enhancement of the human resource that accomplished their duties within the department a Human Resource Development Plan should be developed. However no such actions have been taken during the year under review.

3. Good Governance

3.1 Serving the General Public

In terms of the Public Administrative Circular No. 05/2018 dated 06th of February 2018, although a citizens charter should be developed and implemented for the enhancement of efficiency of public service and the reliability of the general public, no action has been taken in that regarding and therefore supervision and the evaluation of the institutional process had not been implemented.

3.2 Internal Audit

In terms of the regulation of the section 40 of the National Audit Act No.19 of 2018, an Internal Audit Unit had not been established.

4. Human Resource Management

4.1 Attached cadre and the Actual cadre

As at 31st of December of the year under review, the departmental staff was as follows.

Service category	Approved cadre	Existing Cadre	Vacancies
1. Senior	15	10	05
2. Tertiary	05	03	02
3. Secondary	64	51	13
4. Primary	15	13	02
Total	99	77	22

Nine vacancies out of the 13 vacancies available in the Secondary level were for the post of Patent Examiner and the approved cadre for the post is 10. Accordingly the average of the existing vacancies was 90% out of the approved cadre. Hence this post is directly connected even with the registration process of patent, it was observed that it is an inescapable fact which effects to the delay in the process.

Sgd. K.K.V.Dharmasiri
Deputy Auditor General
For Auditor General

4. KEY PERFORMANCE INDICATORS

Table 16: Performance Indicators of the Institution

	Specific Indicators	Expected Output	Actual Output	Actual output as a percentage of the expected output	100%-90%	75%-89%	50%-74%
Trademarks	Applications Received	11,900	9,593	81%	81%		
	No. of Examinations	16,836	12,551	75%		75%	
	Publication in the Government Gazette	14,336	7,684	54%			54%
	No. of Registrations	14,298	5,932	41%			
Patents	Applications Received	555	604	109%	109%		
	No. of Examinations	1220	922	56%			56%
	Publication in the Government Gazette	240	203	85%		85%	
	Grant of Patents	240	273	114%	114%		
Industrial Designs	Applications Received	330	281	85%		85%	
	No. of Examinations	320	288	90%	90%		
	Publication in the Government Gazette	200	117	59%			59%
	No. of Registrations	200	151	76%		76%	

Due to the Covid-19 pandemic situation prevailing in the country, Colombo city area in which NIPO is located was locked down. Thus, this office too remained closed for nearly three months.

In this backdrop, the NIPO staff continued to function through remote working commonly known as “Work From Home” (WFH). Further, only 1/3 of the staff had been called to the office premises for about 03 months. Despite such challenging circumstances, the National Intellectual Property Office has been able to achieve some of its targets beyond 100%.

5. Performance of the achieving the Sustainable Development Goals (SDGs)

5.1 Identified Relevant Sustainable Development Goals

In terms of the Agenda on Sustainable Development Goals (SDGs), there are 17 goals. Of them SDG 3 – "Ensure healthy lives and promote well-being for all at all ages" has been made applicable to the scope of the National Intellectual Property Office. 02 major targets have been introduced under the scope of NIPO pertaining to the said Goal.

Table 17: Sustainable Development Goals/ Targets which has been made applicable to the scope of NIPO

Goals/ Objectives	Targets	Indicators of the Achievement	Progress of the Achievement To date		
			49-0 %	74-50 %	100-75 %
1. Identify and prioritize the examining vaccine related patent applications	To identify all the patent applications received in respect of vaccines and prioritize their examination.	Of the total applications received in respect of vaccines, the percentage of applications to which prioritization was given.			100% Two applications have been filed during the year and defects were informed after formality examination.
2. Invite relevant institutions to file patent applications for vaccines (if available)	If any institution has been identified as a new vaccine producing local companies, then they will be invited to file a patent application.	The percentage in respect of no. of vaccine producing local companies to which NIPO had invited to file patent applications out of all the vaccine producing companies.			Not relevant. (Any vaccine producing local company had not been identified in 2020)

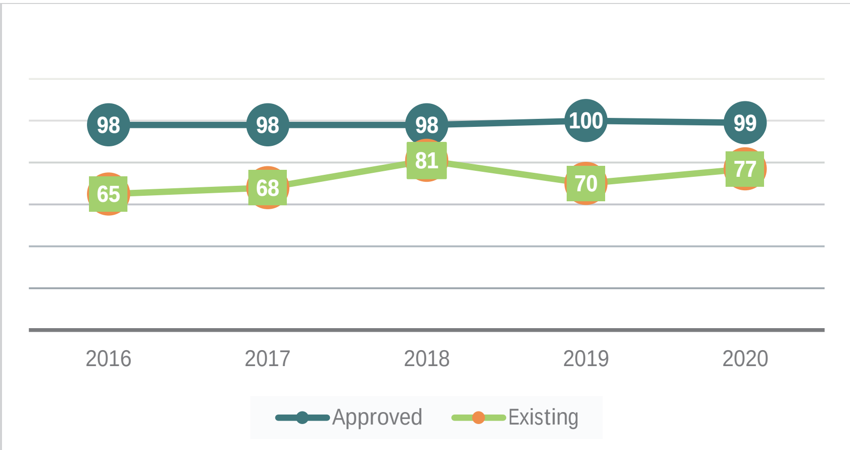
6. HUMAN RESOURCES PROFILE

6.1 CADRE MANAGEMENT

Table 18: Details of the Composition of the Staff

Level	Approved Cadre	Existing Cadre	Vacancies/ Excess
Senior	15	10	5
Tertiary	5	3	2
Secondary	64	51	13
Primary	15	13	2
Contract/Casual	_	_	_
Total	99	77	22

Graph 3: Total Carder (2016-2020)



6.2 The way on which the shortage or excess of human resources has affected the performance of the organization

As required by the approved cadre of the National Intellectual Property Office, 22 vacancies existed during the year 2020.

Due to the unfilled vacancies in the Trademark and Patent Divisions of NIPO which are the main IP divisions of this office, the applications received during a particular year cannot be processed within the same year. A backlog of work has been accumulated as a result and it keeps on rising every year as the office has been receiving new applications continuously. It has been identified as a key obstacle on overall performance of the organization.

One Intellectual Property Officer Retired during the year 2020 and the said cadre position was suppressed. Thus, the total cadre which stood at 100 as at 31.12.2019 has been reduced to 99. Eight (08) vacancies have been filled during the year as 07 graduate trainees who have undergone training were assigned to this office and furthermore, the post of Assistant Director - Planning has also been filled during the year.

6.3 Human Resource Management

Table 19: Participation at Local and ForeignTraining Programmes

	Name of the Programme	No. of Staff Trained	Duration of the Programme	Expenditure	Local/ Foreign
1	Three Day Induction Training Programme	8	2020.01.27/28/29	120,000/-	Local
2	Practical Aspects of Bid Evaluation	1	2020.01.30/31	8500/-	Local
3	Three-day Workshop on Advanced EXCEL	2	2020.02.12/19/26	36,000/-	Local
4	To enhance the Efficiency of Drivers	1	2020.02.17/18	8,500/-	Local
5	Disciplinary Inquiry	2	2020.03.12	14,000/-	Local

6	Certificate in Public Finance Management	1	2020.03.04-2020.04.11	30,000/-	Local
7	Schemes of Recruitments and Service Minutes	2	2020.08.13/14	17,000/-	Local
8	Train the Trainer	1	2020.08.24/25/26/27/28	25,000/-	Local
9	Procedures on losses, misplacements, accidents etc.	4	2020.09.10	24,000/-	Local
10	Preparation of Cabinet Memoranda	2	2020.09.21	17,000/-	Local
11	Public Procurement Management	3	2020.09.15/22/29 and 2020.10.06/13	87,000/-	Local
12	Diploma in internal Auditing	1	2021	100,000/-	Local
13	MPA Public Administration	1	2021	98,500/-	Local
14	Sub-regional Meeting of IPO Officials Responsible for the Madrid System	1	2020.02.04-06	_	Foreign
15	Master Degree in Intellectual Property & New Technology	1	2020.02.17-2020.06.30	_	Foreign

Local Training

11 local training opportunities were provided to 26 officers during the year 2020. Further, one officer has been nominated for an Internal Audit Diploma and another officer has been nominated for a Master of Public Administration. Even though the required payments for the said two programmes have already been paid, the programme schedules have been extended for the next year due to the Covid-19 pandemic situation in the country.

Foreign Training

The raging Covid-19 pandemic situation experiencing world over led to the cancellation of overseas foreign training programmes after March 2020. Thus, one officer was able to attend a session held in Malaysia in February on the Madrid System during the year under review.

Post Graduate Courses (Overseas)

An officer was able to complete a Post Graduate Degree on Intellectual Property and New Technologies held at the University of Poland in collaboration with the World Intellectual Property Organization (WIPO).

6.4 THE CONTRIBUTION OF THE TRAINING PROGRAMMES TO THE PERFORMANCE OF THE INSTITUTION

The raging Covid-19 pandemic situation in the country and resultant lock down in the Western Province in the year 2020 imposed restrictions on public gatherings. This in turn had affected negatively on accomplishment of targets set out with respect to human resources development. However, we have been able to face the said challenges successfully and achieved the following progress.

Twenty Six (26) officers of NIPO participated in 11 local training programmes in 2020. As of now, all officers were provided with basic training. Considering the duties assigned, further training opportunities were provided individually and as groups. The local training programmes have immensely contributed to enhance knowledge on office procedures and this in turn helped to improve performance of officers and towards efficient delivery of service. Further, a register is being maintained at the office which contains details on training requirements of all officers and they are directed to follow required training accordingly.

Furthermore, officers serving in the IP related divisions of NIPO were given the opportunity to participate in the web-based training programmes organized by WIPO to enhance IP related knowledge. Such training programmes have given the opportunity to update their knowledge on international developments on IP and to discharge their duties accordingly.

Table 20: Virtual International Workshops held in 2020

	Name of the Workshop	Date	To Whom	No .of Officers attended
1	Webinar on PCT System	2020.07.22	Officers of the Patent Division	13
2	Regional Online workshop : Intellectual Property Office as an Innovation Agency	2020.08.24	Officers of the Patent and Trademark Divisions	12
3	Virtual Patent Drafting Workshop	2020.08.31-09.11	Officers of the Patent Division	6
4	USPTO Examination of Outgoing International Applications	2020.09.17	Officers of the Trademark Division	24
		2020.09.23		24

7 Compliance Report

7.1 COMPLIANCE REPORT 2020 - IPF

No.	Applicable Requirement	Compliance Status (Complied/ Not)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
1	**The following Financial Statements/Accounts have been submitted on due date**			
1.1	Annual Financial Statements	Complied	-	-
1.6	Others	-	Not Applicable	-
2	**Maintenance of Books and Registers (FR445)**			
2.1	The Fixed Assets Register has been maintained and updated in terms of the Public Administration Circular 267/2018.	Complied	-	-
2.2	The Personal Emoluments Register/ Personal Emoluments Cards have been maintained and updated.	-	Not Applicable	-
2.3	The Register of Audit Queries has been maintained and updated.	Complied	-	-
2.4	The Register of Internal Audit Reports has been maintained and updated.	Not Complied	An Internal Audit Division has not yet been established.	A request has been forwarded by the letter No. 1/2/3(iii) dated 15.07.2020 regarding appointing an Internal Auditor.
2.6	The Register for Cheques and Money Orders has been maintained and updated.	Complied	-	-
2.7	The Inventory Register has been maintained and updated.	Complied	-	-

2.8	The Stocks Register has been maintained and updated.	Complied	-	-
2.9	The Register of Losses has been maintained and updated.	Complied	-	-
2.10	The Commitment Register has been maintained and updated.	Complied	-	-
2.11	The Register of Counterfoil Books (GA – N20) has been maintained and updated.	Complied	-	-
3	**Delegation of Functions for Financial Control (FR 135)**			
3.1	The financial authority has been delegated within the institute.	Complied	-	-
3.2	The delegation of financial authority has been communicated within the Institute.	Complied	-	-
3.3	The authority has been delegated in such manner so as to approve each transaction through two or more officers.	Complied	-	-
3.4	The control has been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package.	-	Not Applicable	-
4	**Preparation of Annual Plans**			
4.1	The Annual Action Plan has been prepared.	Complied	-	-
4.2	The Annual Procurement Plan has been prepared.	Complied	-	-
4.3	The Budget has been approved for the year under review pursuant to the Finance Act, No. 38 of 1971.	Complied	-	-

4.4	The Annual Internal Audit plan has been prepared.	Not Complied	An Internal Audit Division has not yet been established.	A request has been forwarded by the letter No. 1/2/3(iii) dated 15.07.2020 regarding appointing an Internal Auditor.
4.5	The Annual Estimate has been prepared and submitted to the National Budget Department (NBD) on due date.	Complied	-	-
4.6	The Annual Cash Flow has been submitted to the Treasury Operations Department on time.	Complied	-	-
4.7	The Quarterly Reports have been submitted to the Treasury on time.	Complied	-	-
5	**Audit Queries**			
5.1	All audit queries have been replied within the time specified by the Auditor General.	Complied	-	-
6	**Internal Audit**			
6.1	The Internal Audit Plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2).	Not Complied	An Internal Audit Division has not yet been established.	A request has been forwarded by the letter No. 1/2/3(iii) dated 15.07.2020 regarding appointing an Internal Auditor.
6.2	All the internal audit reports have been replied within one month.	Not Complied	-do-	-do-
6.3	The copies of all the internal audit reports have been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act, No. 19 of 2018.	Not Complied	-do-	-do-
6.4	The copies of all internal audit reports have been submitted to the Auditor General in terms of Financial Regulation 134(3).	Not Complied	-do-	-do-

7	**Audit and Management Committee**			
7.1	Minimum 04 meetings of the Audit and Management Committee have been held during the year as per the DMA Circular 1-2019.	Complied	-	-
8	**Asset Management**			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017.	Complied	-	-
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular.	Complied	-	-
8.3	The Board of Survey was conducted and the relevant reports were submitted to the Auditor General on due date in terms of Public Finance Circular No. 05/2016.	Complied	-	-
8.4	With respect to excesses and deficits that were disclosed through the Board of Survey and other relating recommendations, action was taken during the period specified in the circular.	Complied	-	-
8.5	The disposal of condemned articles had been carried out in terms of FR 772.	Complied	-	-
9	**Vehicle Management**			
9.1	The Daily Running Charts and Monthly Summaries of the pooled vehicles had been prepared and submitted to the Auditor General on due date.	Complied	-	-
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning.	-	Not Relevant	

9.3	The vehicle logbooks have been maintained and updated.	Complied	-	-
9.4	Action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident.	Complied	-	-
9.5	In terms of the provisions of chapter 3.1 of Public Administration Circular No. 2016/30 dated 29.12.2016, re-inspection of fuel combustion of vehicles			
9.6	In addition to the lease agreement period, acquisition of absolute ownership of logbooks of leased vehicles.			
10	**Management of Bank Accounts**			
10.1	The Bank Reconciliation Statements had been prepared, got certified and made ready for audit by the due date.	Complied	-	-
10.2	The dormant accounts that had existed in the year under review or as of previous years have been settled.	-	-	-
10.3	Action had been taken in terms of the Financial Regulations regarding the balances that had been disclosed through the Bank Reconciliation Statements for which adjustments had to be made, and those balances had been settled within one month.	Complied	-	-
11	**Utilization of Provisions**			
11.1	The provisions allocated had been spent without exceeding the limit.	Complied	-	-
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1).	Complied	-	-
12	**Advances to Public Officers Account**			
12.1	The limits had been complied with.	-	Not Relevant	-

12.2	A time analysis had been carried out on the loans in arrears.	-	Not Relevant	-
12.3	The loan balances in arrears for over one year had been settled.	-	Not Relevant	-
13	**General Deposit Account**			
13.1	Action had been taken as per F.R.571 in relation to disposal of lapsed deposits.	-	Not Relevant	-
13.2	The Control Register for general deposits has been updated and maintained.	-	Not Relevant	-
14	**Imprest Account**			
14.1	The balance in the Cash Book at the end of the year under review has been remitted to TOD.	-	Not Relevant	-
14.2	The ad-hoc sub imprests issued as per F.R. 371 had been settled within one month from the completion of the task.	-	Not Relevant	-
14.3	The ad-hoc sub imprests had not been issued exceeding the limit approved as per F.R. 371.	-	Not Relevant	-
14.4	The balance of the imprest account has been reconciled with the Treasury books monthly.	-	Not Relevant	-
15	**Revenue Account**			
15.1	The refunds from the revenue had been made in terms of the regulations.	-	Not Relevant	-
15.2	The revenue collected had been directly credited to the revenue account without credited to the deposit account.	Complied	-	-
15.3	Returns of arrears of revenue had been forward to the Auditor General in terms of FR 176.	-	Not Relevant	-
16	**Human Resource Management**			

16.1	The staff had been paid within the approved cadre.	Complied	-	-
16.2	All members of the staff have been issued a duty list in writing.	Complied	-	-
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017.	Complied	-	-
17	**Provision of Information to the Public**			
17.1	An Information Officer has been appointed and a proper Register of Information is being maintained and updated in terms of the Right to Information Act and its Regulations.	Complied	-	-
17.2	Information about the institution to the public have been provided by a website or alternative ways and also facilitated to make appreciation / allegation against the public authority by the public through this website or alternative ways.	Complied	-	-
17.3	Bi- Annual and Annual Reports have been submitted as per Section 08 and 10 of the RTI Act.	Complied	-	-
18	**Implementing the Citizens Charter**			
18.1	A Citizens Charter/ Citizens Client's Charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 dated 05/2018(1) of the Ministry of Public Administration and Management.	Not Complied	-	Whilst the work related to preparation of the Citizens Charter was progressing, we were compelled to restrict the office activities because of the Covid- 19 pandemic situation in the country. Thus, there was a delay in completing the said work before the end of the year.
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter / Citizens Client's Charter as per paragraph 2.3 of the circular.	Complied	-	

				A Core Group has been appointed representing all divisions in the office as well as the officers of all levels.
19	**Preparation of the Human Resource Plan**			
19.1	A human resource plan has been prepared in terms of the format provided in Annexure 02 of the Public Administration Circular No.02/2018 dated 24.01.2018.	Not Complied	-	The Human Resource Plan of NIPO is being prepared.
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff have been ensured in the aforesaid Human Resource Plan.	Complied	-	-
19.3	Annual Performance Agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular.	Not Complied	-	Subsequent to the preparation of the Human Resource Plan, the Annual Performance Agreements will be signed.
19.4	A Senior Officer has been appointed and assigned the responsibility of preparing the Human Resource Development Plan, organizing capacity building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular.	Complied	-	-
20	**Responses to Audit Paragraphs**			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified.	Complied	-	-

7.2 Compliance Report 2020 – Head 299

No.	Applicable Requirement	Compliance Status (Complied/ Not)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
1	**The following Financial Statements/Accounts have been submitted on due date**			
1.1	Annual Financial Statements	Complied	-	-
1.2	Advance to Public Officers Account	Complied	-	-
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)	-	Not Relevant	-
1.4	Stores Advance Accounts	-	Not Relevant	-
1.5	Special Advance Accounts	-	Not Relevant	-
1.6	Others	-	Not Relevant	-
2	**Maintenance of Books and Registers (FR445)**			
2.1	The Fixed Assets Register has been maintained and updated in terms of the Public Administration Circular 267/2018.	Complied	-	-
2.2	The Personal Emoluments Register/ Personal Emoluments Cards have been maintained and updated.	Complied	-	-
2.3	The Register of Audit Queries has been maintained and updated.	Complied	-	-
2.4	The Register of Internal Audit Reports has been maintained and updated.	Not Complied	An Internal Audit Division has not yet been established.	A request has been forwarded by the letter No. 1/2/3(iii) dated 15.07.2020 regarding appointing an Internal Auditor.
2.5	All the Monthly Account Summaries (CIGAS) are prepared and submitted to the Treasury on due date.	Complied	-	-
2.6	The Register for Cheques and Money Orders has been maintained and updated.	Complied	-	-
2.7	The Inventory Register has been maintained and updated.	-	Not Relevant	-

2.8	The Stocks Register has been maintained and updated.	-	Not Relevant	-
2.9	The Register of Losses has been maintained and updated.	Complied	-	-
2.10	The Commitment Register has been maintained and updated.	Complied	-	-
2.11	The Register of Counterfoil Books (GA – N20) has been maintained and updated.	Complied	-	-
3	**Delegation of Functions for Financial Control (FR 135)**			
3.1	The financial authority has been delegated within the institute.	Complied	-	-
3.2	The delegation of financial authority has been communicated within the Institute.	Complied	-	-
3.3	The authority has been delegated in such manner so as to approve each transaction through two or more officers.	Complied	-	-
3.4	The control has been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package.	Complied	-	-
4	**Preparation of Annual Plans**			
4.1	The Annual Action Plan has been prepared.	Complied	-	-
4.2	The Annual Procurement Plan has been prepared.	Complied	-	-
4.3	The Budget has been approved for the year under review pursuant to the Finance Act, No. 38 of 1971.	Complied	-	-
4.4	The Annual Internal Audit plan has been prepared.	Not Complied	An Internal Audit Division has not yet been established.	A request has been forwarded by the letter No. 1/2/3(iii) dated 15.07.2020 regarding appointing an Internal Auditor.
4.5	The Annual Estimate has been prepared and submitted to the National Budget Department (NBD) on due date.	Complied	-	-

5	**Audit Queries**			
5.1	All audit queries have been replied within the time specified by the Auditor General.	Complied	-	-
6	**Internal Audit**			
6.1	The Internal Audit Plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2).	Not Complied	An Internal Audit Division has not yet been established.	A request has been forwarded by the letter No. 1/2/3(iii) dated 15.07.2020 regarding appointing an Internal Auditor.
6.2	All the internal audit reports have been replied within one month.	Not Complied	-do-	-do-
6.3	The copies of all the internal audit reports have been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act, No. 19 of 2018.	-do-	-do-	-do-
6.4	The copies of all internal audit reports have been submitted to the Auditor General in terms of Financial Regulation 134(3).	-do-	-do-	-do-
7	**Audit and Management Committee**			
7.1	Minimum 04 meetings of the Audit and Management Committee have been held during the year as per the DMA Circular 1-2019.	Complied	-	-
8	**Asset Management**			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017.	Complied	-	-
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular.	Complied	-	-
8.3	The Board of Survey was conducted and the relevant reports were submitted to the Auditor General on due date in	Complied	-	-

	terms of Public Finance Circular No. 05/2016.			
8.4	With respect to excesses and deficits that were disclosed through the Board of Survey and other relating recommendations, action was taken during the period specified in the circular.	Complied	-	-
8.5	The disposal of condemned articles had been carried out in terms of FR 772.	Complied	-	-
9	**Vehicle Management**			
9.1	The Daily Running Charts and Monthly Summaries of the pooled vehicles had been prepared and submitted to the Auditor General on due date.	Complied	-	-
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning.	-	Not Relevant	
9.3	The vehicle logbooks have been maintained and updated.	Complied	-	-
9.4	Action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident.	Complied	-	-
9.5	In terms of the provisions of chapter 3.1 of Public Administration Circular No. 2016/30 dated 29.12.2016, re-inspection of fuel combustion of vehicles			
9.6	In addition to the lease agreement period, acquisition of absolute ownership of logbooks of leased vehicles.			
10	**Management of Bank Accounts**			
10.1	The Bank Reconciliation Statements had been prepared, got certified and made ready for audit by the due date.	Complied	-	-
10.2	The dormant accounts that had existed in the year under review or as of previous years have been settled.	-	Not Relevant	

10.3	Action had been taken in terms of the Financial Regulations regarding the balances that had been disclosed through the Bank Reconciliation Statements for which adjustments had to be made, and those balances had been settled within one month.	Complied	-	-
11	**Utilization of Provisions**			
11.1	The provisions allocated had been spent without exceeding the limit.	Complied	-	-
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1).	Complied	-	-
12	**Advances to Public Officers Account**			
12.1	The limits had been complied with.	Complied	-	-
12.2	A time analysis had been carried out on the loans in arrears.	Complied	-	-
12.3	The loan balances in arrears for over one year had been settled.	Complied	-	-
13	**General Deposit Account**			
13.1	Action had been taken as per F.R.571 in relation to disposal of lapsed deposits.	-	Not Relevant	-
13.2	The Control Register for general deposits has been updated and maintained.	Complied	-	-
14	**Imprest Account**			
14.1	The balance in the Cash Book at the end of the year under review has been remitted to TOD.	Complied	-	-
14.2	The ad-hoc sub imprests issued as per F.R. 371 had been settled within one month from the completion of the task.			
14.3	The ad-hoc sub imprests had not been issued exceeding the limit approved as per F.R. 371.	Complied	-	-
14.4	The balance of the imprest account has been reconciled with the Treasury books monthly.	Complied	-	-
15	**Revenue Account**			

15.1	The refunds from the revenue had been made in terms of the regulations.	Complied	-	-
15.2	The revenue collected had been directly credited to the revenue account without credited to the deposit account.	Complied	-	-
15.3	Returns of arrears of revenue had been forward to the Auditor General in terms of FR 176.	Complied	-	-
16	**Human Resource Management**			
16.1	The staff had been paid within the approved cadre.	Complied	-	-
16.2	All members of the staff have been issued a duty list in writing.	Complied	-	-
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017.	Complied	-	-
17	**Provision of Information to the Public**			
17.1	An Information Officer has been appointed and a proper Register of Information is being maintained and updated in terms of the Right to Information Act and its Regulations.	Complied	-	-
17.2	Information about the institution to the public have been provided by a website or alternative ways and also facilitated to make appreciation / allegation against the public authority by the public through this website or alternative ways.	Complied	-	-
17.3	Bi- Annual and Annual Reports have been submitted as per Section 08 and 10 of the RTI Act.	Complied	-	-
18	**Implementing the Citizens Charter**			
18.1	A Citizens Charter/ Citizens Client's Charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 dated 05/2018(1) of the Ministry of Public Administration and Management.	Not Complied	-	Whilst the work related to preparation of the Citizens Charter was progressing, we were compelled to restrict the office activities because of the Covid- 19 pandemic situation in the
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter /			

	Citizens Client's Charter as per paragraph 2.3 of the circular.			country. Thus, there was a delay in completing the said work before the end of the year. A Core Group has been appointed representing all divisions in the office as well as the officers of all levels.
19	**Preparation of the Human Resource Plan**			
19.1	A human resource plan has been prepared in terms of the format provided in Annexure 02 of the Public Administration Circular No.02/2018 dated 24.01.2018.	Not Complied	-	The Human Resource Plan of NIPO is being prepared.
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff have been ensured in the aforesaid Human Resource Plan.	Complied	-	-
19.3	Annual Performance Agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular.	Not Complied	-	Subsequent to the preparation of the Human Resource Plan, the Annual Performance Agreements will be signed.
19.4	A Senior Officer has been appointed and assigned the responsibility of preparing the Human Resource Development Plan, organizing capacity building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular.	Complied	-	-
20	**Responses to Audit** Paragraphs			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified.	Complied	-	-