2021

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வருடாந்திர செயல்திறன் அறிக்கை

ANNUAL PERFORMANCE REPORT

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இலங்கை தேசிய புலமைச் சொத்து அலுவலகம்

National Intellectual Property Office of Sri Lanka

ANNUAL PERFORMANCE REPORT

2021

National Intellectual Property Office of Sri Lanka

Performance Report for the Year 2021

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

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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 endeavor. 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 (2021).

Intellectual property is a form of property, with some unique features of its own. 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 relevant rights or related 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.

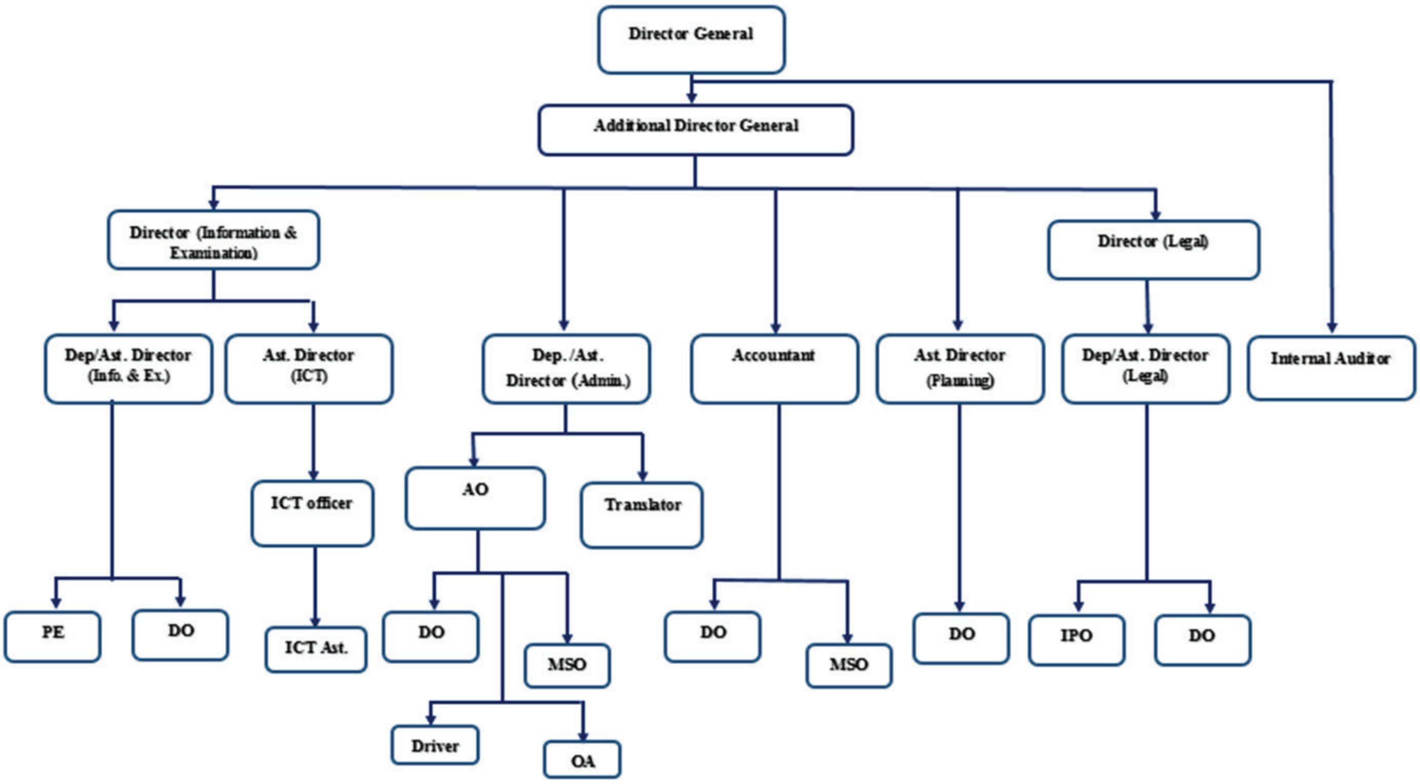
Objectives

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 Main Divisions of the Department

- Trademark Division
- Patent and Industrial Design Division
- Information Technology Division
- Establishment Division
- Accounts Division
- Planning Division

1.5.1 Trade Mark 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 seven Intellectual Property Officers, fourteen Development Officers, one

Management Service Officer and four Office Assistants under the direct supervision of three Assistant Directors.

1.5.2 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, seven Development Officers, one Management Service Officer, five Graduate Trainees and one Office Assistant.

The Patent Division maintains information related to Patents and Industrial Designs. It also provides information related to Patents and Industrial Designs to the general public, various governmental and non-governmental organizations and stakeholders upon request and promotes knowledge of Patents and Industrial Designs.

1.5.3 Information Technology Division

This Division undertakes the tasks related to information communication technology such as updating IPAS-Industrial Property Administration System relevant to different steps in the IP process, the computer system of the Intellectual Property Office, providing necessary support for filing applications through the computer system in filing applications, and maintaining the website up-to-date information. This division is headed by the Director (Information and Examination), consists of an Assistant Director (Information and Examination), an Information and Communication Technology Officer and two Development Officers.

1.5.4 Establishment Division

Establishment Division contributes significantly to the upgrade the overall productivity of the institute by accomplishing the tasks related to the 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.

1.5.5 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, recordal of 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 11 officers discharging their duties under the supervision of the Accountant.

During the COVID-19 pandemic period in 2021, that the office remained closed and limited number of employees called for work, the division too paid a considerable contribution to maintain the overall progress of the institution at an optimal level by setting up an online payment method for the revenue collection of all forms.

1.5.6 Planning Division

Planning Division is mainly responsible for developing a strategic plan towards accomplishment of the organizational objectives pertinent 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 under the Department

- ✓ Intellectual Property Fund

1.7 Details of Foreign Aided Projects

- ✗ None

Chapter 2 - Progress and the Future Outlook

2.1 Performance of Trademark-Related Tasks

2.2 Performance of Patent -Related Tasks

2.3 Performance of Industrial Designs-Related Tasks

2.4 Special Achievements

2.5 Challenges

2.6 Future Goals

2.1 Performance of Trademark-Related Tasks

Table - 1: Performance of the Trademark related activities for the year ended 31.12.2021

	Activities	Physical Progress (Tasks attended by the Division)		
		Estimation	Actual	%
1	Applications received	9,251	9,947	108%
2	Formality Examination	9,063	4,989	55%
3	Issuance of letters to applicants (acceptance and rejection of applications)	13,595	11,001	81%
4	Trademark Gazette Notifications published in the Government Gazette	9,561	4,758	50%
5	Issuance of Registration Certificates – Trademarks	7,380	5,461	74%
6	Renewal of Trademarks Registration applications	4,465	3,848	86%
7	Record of Assignments	1,115	1,233	111%
8	Record of changes of names/addresses and other amendments	1,859	2,292	123%

Due to the Covid-19 pandemic situation, the office was remained closed for a period of complete closure of the country for nearly two months and partially for another two months. Even in this context, NIPO could record a 100% progress in several activities in the division of Trademark, even in such a difficult time by calling a limited staff to the office and by adapting the "Work from Home' (WFH) method.

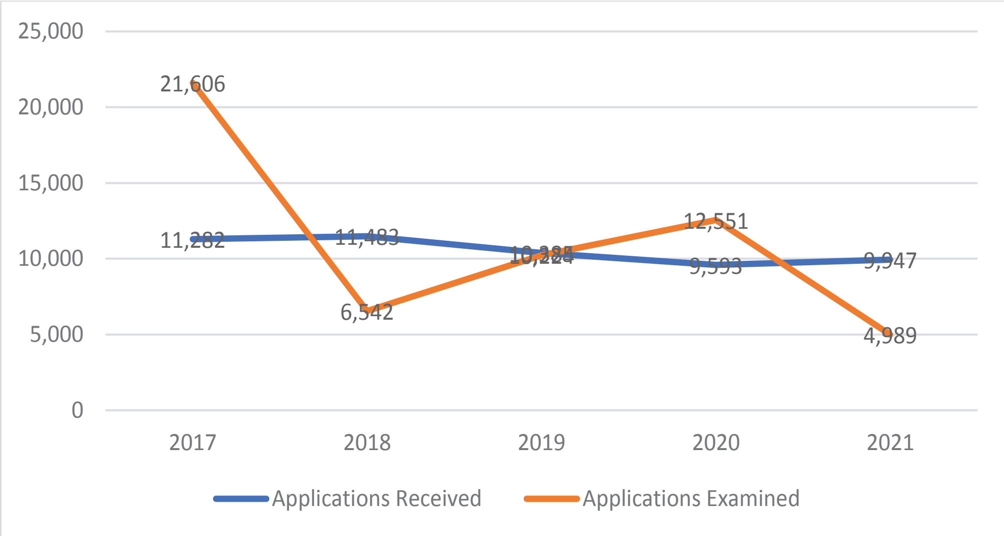
Progress of the Trademark division has been analyzed under three main activities.

2.1.1 Comparison of Examined Trademark Applications with Received Applications

Table - 2: Comparison of examined applications against received applications

Year	2017	2018	2019	2020	2021
Applications Received	11,282	11,483	10,385	9,593	9947
Applications Examined	21,606	6,542	10,224	12,551	4,989

Chart - 1: Comparison of examined applications against received applications



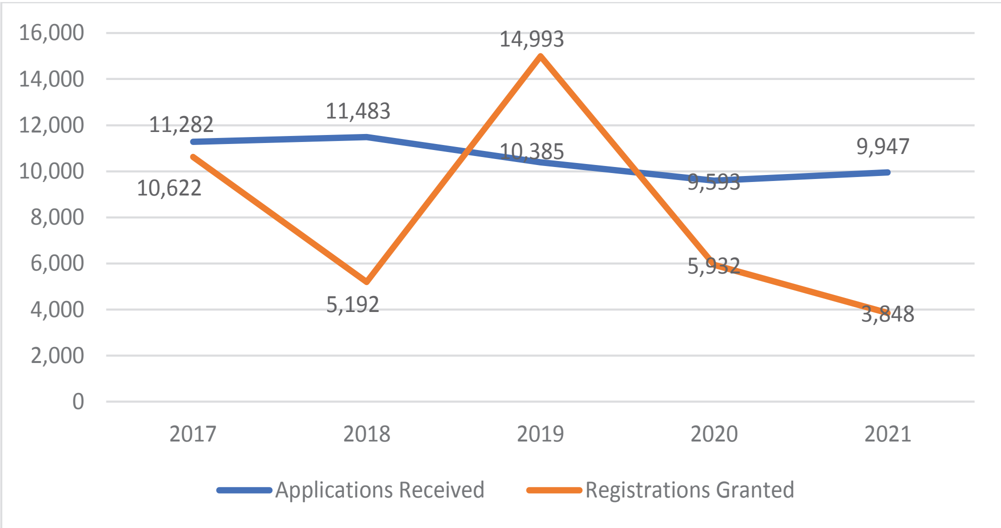
The above Table - 2 and Chart - 1 depict a comparison between number of applications received and Number of applications examined during 2021. Accordingly, there is a gradual decline in the number of applications received from 2017 to 2021, and yet the number of Trademark applications examined has shown a gradual increase since 2018, it has declined in the year 2021. It can be assumed that practical difficulties in completing certain work steps while working from home due to the COVID-19 pandemic situation has affected the occurrence of this situation.

2.1.2 Comparison of Registration Granted Trademark Applications with Received Applications

Table - 3: Number of applications received and registration granted

Year	2017	2018	2019	2020	2021
Applications Received	11,282	11,483	10,385	9,593	9,947
Registrations Granted	10,622	5,192	14,993	5,932	3,848

Chart - 2: Comparison between number of applications received and registration granted



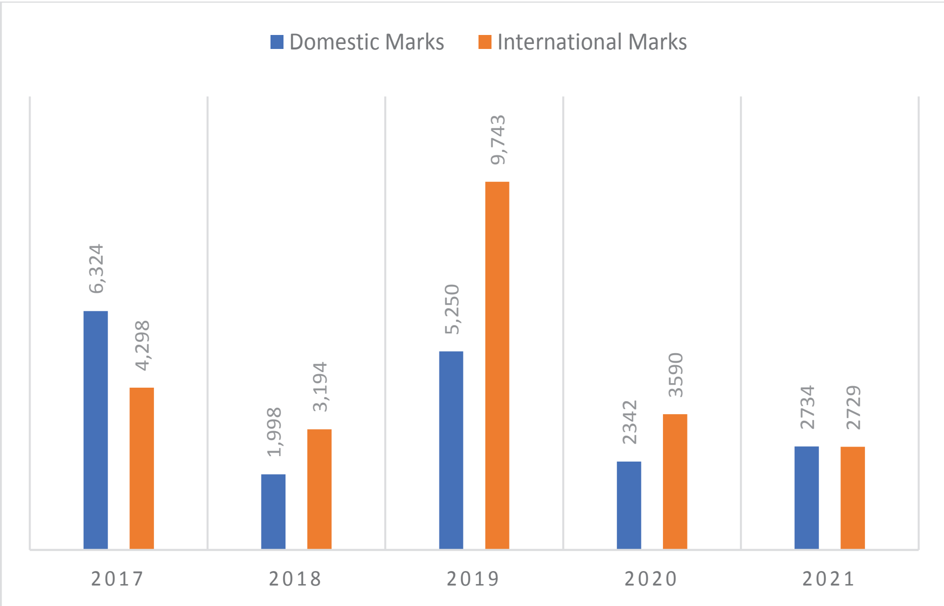
The Table - 3 and Chart - 2 show a comparison between number of Trademark applications received and the registrations granted during 2021. Accordingly, a change in the fluctuation that can be observed year to year is observed this time and the expected growth in the number of applications registered compared to the applications received could not be seen this time. It can be assumed that this may be due to the fact that certain office activities and work measures cannot be covered through Work from Home (WFH) due to the situation of the Covid-19 pandemic in the country.

2.1.3 Breakdown of Registered Trademark Applications into Domestic and International

Table - 4: Breakdown of registered applications into domestic and international

Year	2017	2018	2019	2020	2021
Domestic Marks	6,324	1,998	5,250	2,442	2,734
International Marks	4,298	3,194	9,743	3,590	2,729

Chart - 3: Breakdown of registered applications into domestic and international



A breakdown of registered Trademark applications during the year 2021 into domestic and international is presented in Table - 4 and Chart – 3. At the beginning of the Covid situation, foreign Trademark registrations were higher compared to domestic ones, but by 2021, they have declined to an almost equal level. However, a decline in the total number of registrations can be observed and it can be assumed that the prevailing pandemic situation may have caused it.

2.2 Performance of Patent -Related Tasks

Table - 5: Performance of the Patent related activities for the year ended 31.12.2021

Activities	Physical Progress (Tasks attended by the Division)		
	Estimated	Actual	%
01. Receiving of Applications	550	539	98%
02. Examining formality requirements of the applications (Local, International & PCT)	550	660	120%
03. Examining Novelty (Examining the Patentability requirements of applications)	960	1084	113%
04. Preparation of Patent Journals for Publication	4	8	200%
05. Publication of Patent Notices in Government Gazette	200	222	111%
06. Preparing of Patent Certificates	200	194	97%
07. Renewal of registered applications	530	313	59%
08. Providing information for public/access to local database	100	18	18%

During the period of complete closure of the country for nearly two months and partial closure for another two months due to the COVID 19 epidemic, NIPO has been able to achieve a progress over than 100% in several activities in Patent Division even in the most difficult of circumstances by adopting the method of Limited Attendance and Online Duty (WFH).

Progress of the Patent division has been analyzed under three main activities.

2.2.1 Comparison of Examined Patent Applications with Received Applications

Table - 6: Number of examined applications with received applications

Year	2017	2018	2019	2020	2021
Applications Received	543	603	611	603	539
Applications Examined	1,120	1,059	1,117	922	1,084

Graph - 4: Number of examined Patent applications with received applications

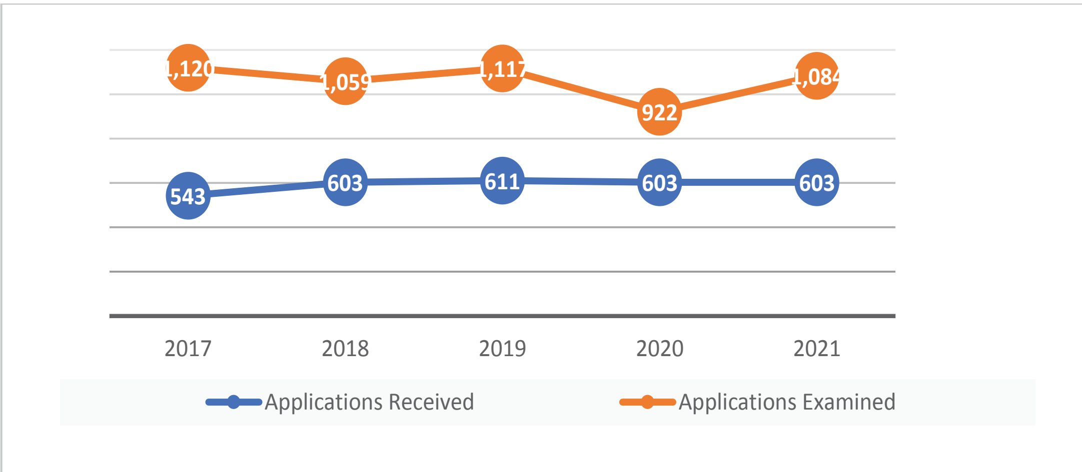


Table - 6 and Graph – 4 depict a comparison between number of applications received and number of applications examined during 2021.

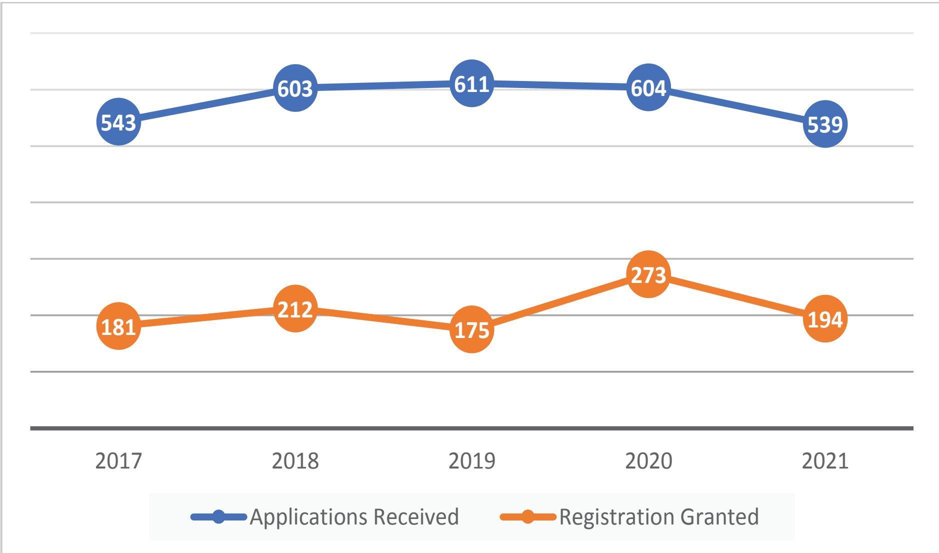
It is observed that a very high number of examinations have been carried out compared to the number of Patent applications received. Accordingly, a significant reduction in the amount of backlog in the Patent department can be expected in the future.

2.2.2 Comparison of Registration Granted with Received Patent Applications

Table - *7:* Comparison of registration granted with received applications

Year	2017	2018	2019	2020	2021
Applications Received	543	603	611	604	539
Registration Granted	181	212	175	273	194

Graph - *5:* Comparison of registration granted with received applications



The Table - 7 and Graph – 5 show a comparison between number of Patent applications received and the Patents granted during 2021.

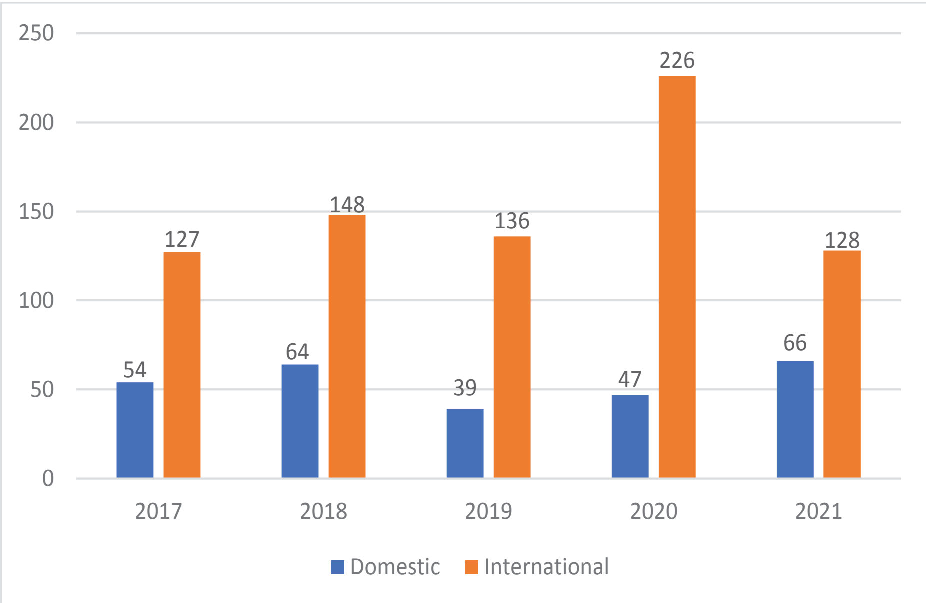
No significant difference was shown in the ratio between the number of Patent applications received and the number of applications rejected. However, compared to the previous year, a decrease can be observed in the number of applications received as well as in the number of Patents granted. It can be assumed that the number of foreign Patent applications which increased during the period of 2019-2020 due to the new opportunities arising from the situation of Covid-19, gradually decreased by 2021.

2.2.3 Breakdown of Patents granted into Domestic and International

Table - *8:* Breakdown of Patents granted into Domestic and International

Year	2017	2018	2019	2020	2021
Domestic	54	64	39	47	66
International	127	148	136	226	128

Graph - 6: Breakdown of Patents granted into domestic and international



A breakdown of Patents granted during the year 2021 into domestic and international is depicted by Table – 8 and Chart – 6. Taking advantage of the new opportunities created by the COVID 19 pandemic in 2019, a marked increase in the number of foreign Patent applications is observed in 2020, which shows a gradual decrease in 2021.

Due to the Covid crisis, the number of local applications is observed to drop immediately in 2019 but shows a gradual increase by 2021.

2.3 Performance of Industrial Designs-Related Tasks

Table - 9: Performance of the Industrial Designs related activities for the year ended 31.12.2021

Activities	Physical Progress (Tasks attended by the Division)		%
	Estimated	Actual	
01. Receiving of applications	182	139	76%
02. Examining formality requirements of applications (Local and International)	182	252	138%
03. Substantive examination of Applications	182	164	90%
04. Preparing Journals for publication	4	5	125%
05. Gazette Publication of Industrial Designs related Notices	120	79	66%
06. Preparing certificates	120	99	83%
07. Renewal of registered applications	230	121	53%
08. Providing information for public/searching local database	50	18	36%

NIPO remained complete closed for about two months and partially for about two months due to the Covid-19 pandemic situation in the country. NIPO could achieve a higher progress in the Industrial Design division even during this period as it adopted limited attendance and Work from Home (WFM - Online) procedure despite of the prevailing difficult condition in the country.

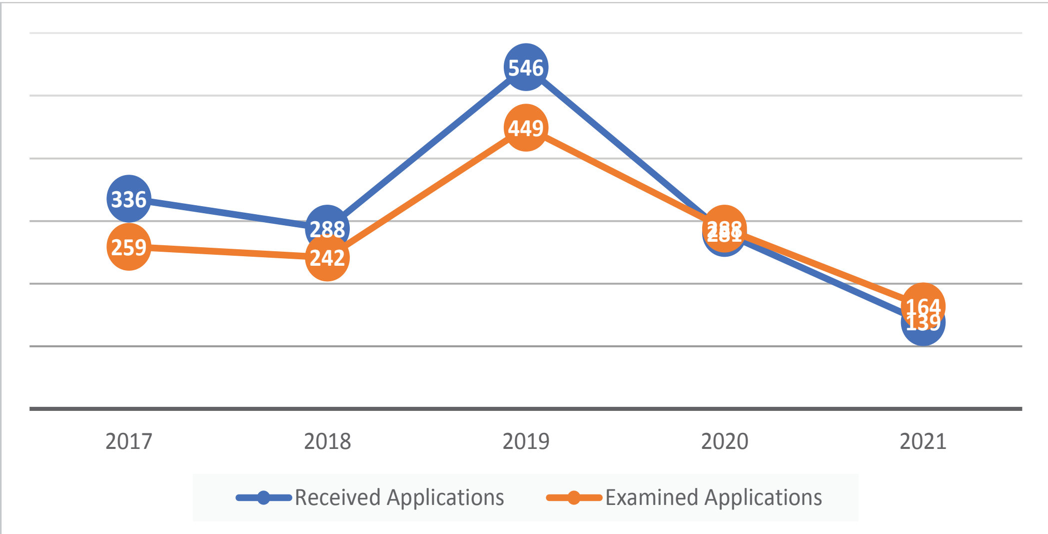
Progress of the Industrial Design division has been analyzed under three main activities.

2.3.1 Comparison of Examined Industrial Design Applications with Received Applications

Table - 10: Number of examined applications with received applications

Year	2017	2018	2019	2020	**2021**
Received Applications	336	288	546	281	139
Examined Applications	259	242	449	288	164

Graph - 7: Number of examined applications with received applications



The Table - 10 and Graph – 7 display a comparison between number of applications received and the number of examined applications during 2021 in respect of Industrial Designs.

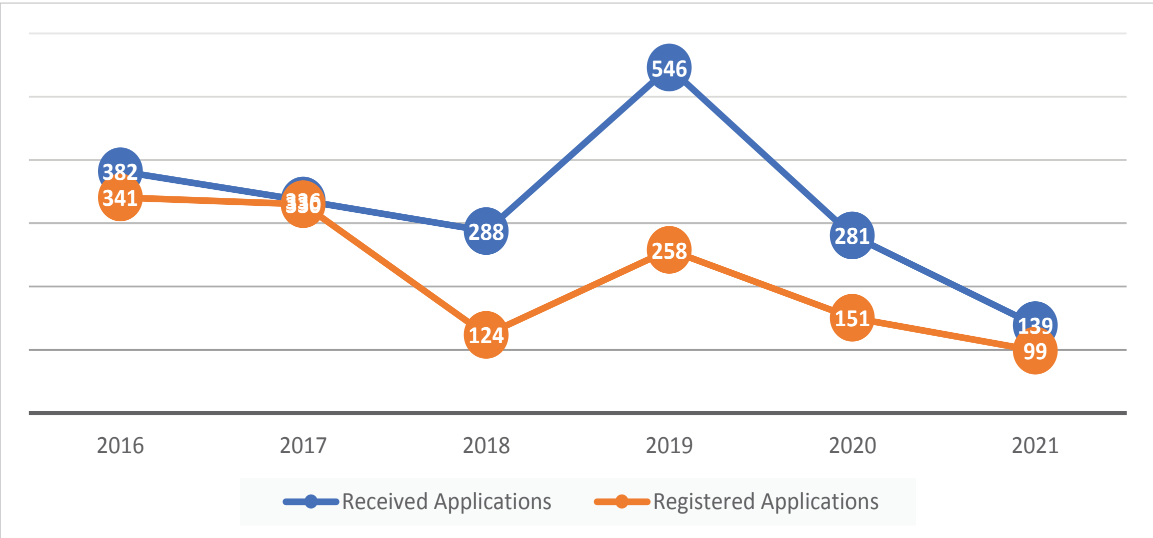
The low gap between the number of applications received and the number examined and the number of applications examined exceeding the number of applications received in the year 2021 indicates that the missed work in this sector is minimal. Also, it can be assumed that the rapid decline in the number of applications received in the years 2020 and 2021 gives some indication of the contraction in the local economy during this period.

2.3.2. Comparison of Registration Granted with Received Industrial Design Applications

Table - 11: Comparison of registration granted with received applications

Year	2017	2018	2019	2020	**2021**
Received Applications	336	288	546	281	139
Registered Applications	330	124	258	151	99

Graph - 8: Comparison of registration granted with received applications



The Table - 11 and Graph – 8 show a comparison between number of applications received and the registration granted during 2021 in respect of Industrial Designs.

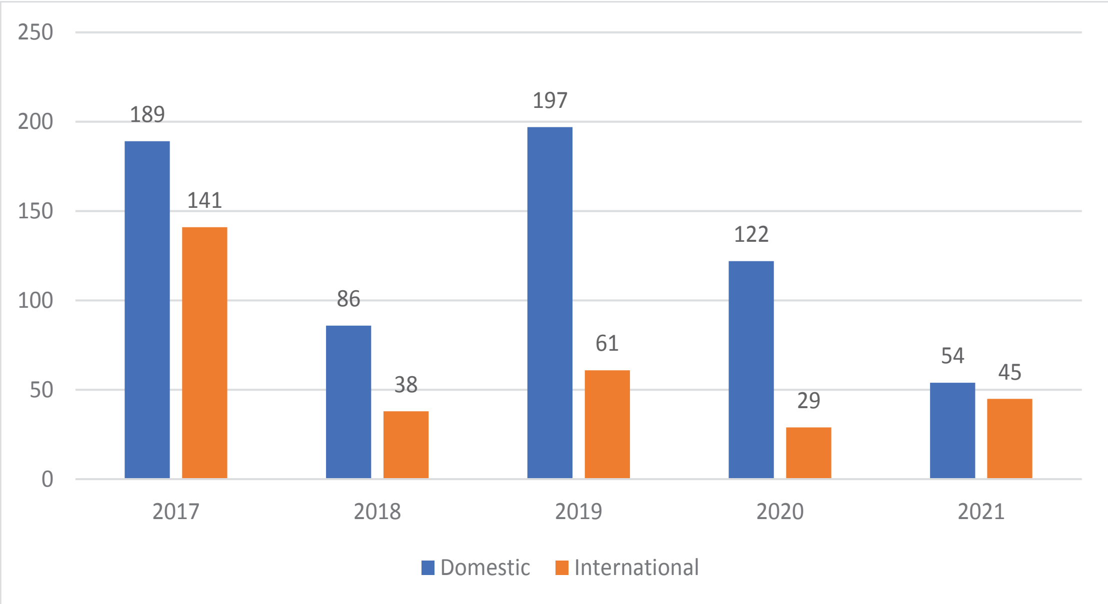
The growth in innovations worldwide due to the Covid-19 pandemic is reflected in the high number of applications seen in 2019. However, it can be assumed that the subsequent decline in the number of applications will reflect the contraction of the local economy by 2021.

2.3.2 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	2021
Domestic	189	86	197	122	54
International	141	38	61	29	45

Graph - 9: Breakdown of registered Industrial Designs applications into domestic and international



The Table - 12 and Graph - 9 represent a breakdown of Industrial Design applications received during the year 2021 into domestic and international. In the period 2017 to 2020, there is a decrease in the number of foreign applications compared to the number of domestic applications in the total number of registered applications, but it shows a rapid growth in the year 2021

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2.4 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 Draftsman's Department for approval and the observations are being prepared by now of the institution.

- The Extraordinary Gazette Notification specifying minimum payment to be paid as a royalty to the artistes in the field of music ensuring their Copyright has been published in 2020 and 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. Accordingly a Committee headed by an officer of the Ministry and representing government institutions including Director General of Intellectual Property has been appointed by the Secretary to the Ministry for the preparation of a report having studied the related matters of charging royalty for the Copyrights of the songs sung in the auditions (Reality Competitions) of selecting amateur singers telecasted through media, as per the instructions of Hon. Minister of Trade during this year (2021).

- Subsequent to the grant of approval for the proposed draft amendment to the Intellectual Property Act incorporating amendments facilitating registration of Geographical Indications (GIs) by the Legal Draftsman's Department and the Cabinet of Ministers, the draft of the Cabinet memorandum has been submitted for the approval of the Ministry of Trade.

- Two (02) Technology and Innovation Support Centers (TISCs) have been established during the year facilitating the general public to access Patent related information.

- Approval of the Parliament has been granted for the amendment to the IP Act enabling implementation of the Marrakesh Treaty requirements in Sri Lanka.

- Preliminary studies on facilitating registration of Integrated Circuits of Layout Designs in Sri Lanka is ongoing.

- Preliminary actions have been initiated having prepared a project proposal during the year on the project concerning the protection of Patent and Industrial Design files, enhance examination rate efficiency, digitalization of files enabling enhanced access to data.

- A program to offer scholarships for capacity building has been organised under the Enabling Intellectual Property Environment (EIE) project towards acceleration of innovation and commercialization of intellectual property locally and internationally.

- Despite of the Covid-19 pandemic, 04 meetings of the Intellectual Property Advisory Commission could be successfully which are held with the purpose of policy level decision making alike doing amendments to the IP Act and suggesting new regulations.

- 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.

- Managing the Covid-19 epidemic situation, conducting online awareness programmes on Intellectual Property Subject and providing resources could be accomplished.

- Under the Covid – 19 Pandemic situation, steps were taken to enhance the knowledge in Intellectual Property by allowing Intellectual Property officers and external institutions to participate in the workshop held by various institutions such as World Intellectual Property Organization via Zoom/Team technological methods.

- Conducting a Mobile Service Centre for the customers of NIPO Sri Lanka in celebration of International Consumer Day 2021.

International Consumer Day 2021 - Conducting a Mobile Service Centre

2.5 Challenges

- **Absence of a permanent building for National Intellectual Property Office and insufficient office space.**

For over 27 years since 1993, this office has been maintained in the 3rd floor and part of the 2nd floor of the "Samgam Medura" building owned by the Department of Company Registrar upon the basis of rental and the available office space for NIPO is limited. In the backdrop of repeated requests from the Department of Company Registrar for nearly 07 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, granting of approval and further actions have been initiated for the establishment NIPO in a plot with half completed building located in Battaramulla area belonging to Urban Development Authority, after conveyed it under the long term lease basis to our institution and renovated it.

- **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 in 2016 towards implementation of e-NIPO project to improve Industrial Property Automation System (IPAS) 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 concerning the amount paid by NIPO.

Accordingly, the draft of the new Memorandum of Understanding proposed to be entered into with the Sri Lanka Information and Communication Agency during the reviewed period has been submitted to the Honorable Attorney General.

- **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.

2.6 Future Goals

Short Term Goals

- To obtain sufficient space to relocate NIPO or to construct a permanent office building 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 2022 facilitating the general public to access Patent related information.

- Completion of Preliminery studies on the registration of Layout Designs 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.

- Establishing an online payment system for the National Intellectual Property Office.

- 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. Once the relevant draft is approved, it will be possible to provide the registration facility of Geographical Indications.

- To develop IPAS system of the National Intellectual Property Office (NIPO) into the next level.
- To introduce the project on digitalization of files.

Long Term Goals

- Enhance public access to Patent and non-Patent technical information.
- Building up of an Enabling Intellectual Property Environment (EIE).
- To facilitate registration of Layout Design for 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.

Director General of Intellectual Property

Chapter 03 – Overall Finance Performance of the year

a) Intellectual Property Fund

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3.8 Performance of reporting non – financial assets

3.9 Report of Auditor General

3. a). Financial Performance – Intellectual Property Fund

3.a.1 Financial Statements - Intellectual Property Fund

Intellectual Property Fund

Statement of Financial Performance for the period ended 31.12.2021

	Notes	31.12.2021	31.12.2020
Revenue		Rs.	Rs.
Revenue from Trademarks	3	70,271,480	55,822,249
Revenue from Patents	3	6,951,459	7,108,482
Revenue from Industrial Designs	3	561,207	533,638
Other Revenue	4	381,176	473,269
Interest Income from Investments	5	43,062,272	64,241.112
Total Revenue		**121,227,595**	**128,178,750**
Expenditure			
Wages, Salaries, and other Employment Benefits	2	2,443,119	2,691,540
Grants and other Transfer Payments	2	1,263,585	1,077,030
Supplies and Consumables	2	40,956,811	50,079,471
Others	2	529,177	103,235
Depreciation and Amortization	2	7,212,801	7,175,802
Financial Costs	2	-	-
Total Expenditure		**52,405,494**	**61,127,078**
Surplus / (Deficit) for the Period		**68,822,100**	**67,051,672**

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Intellectual Property Fund
Statement of Financial Position as at 31.12.2021

	Note	2021.12.31 Rs.	2020.12.31 Rs.
Assets			
Current Assets			
Cash and Cash Equivalents	8	2,411,558	1,886,552
Income Receivable	9	31,387,410	8,829,362
Short Term Investments	7	898,540,693	851,641,767
Pre-Payments	11	5,345	5,236
		932,345,005	**862,362,917**
Non-Current Assets			
Plant, Property and Equipment	6	31,460,226	35,324,725
Reimbursements Receivable – Intellectual Property Promotion Center		22,298,751	22,298,751
		53,758,977	**57,623,477**
Total Assets		**986,103,982**	**919,986,394**
Liabilities			
Current Liabilities		3,816,701	10,111,763
Accrued Expenditure	12	-	-
Non-Current Liabilities			
Total Liabilities		**3,816,701**	**10,111,763**
Net Assets		**982,287,281**	**909,874,631**
Net Assets/Equity			
Accumulated Surplus/ Deficiency	10	982,287,281	909,874,631
Total Net Assets/ Equity		**982,287,281**	**909,874,631**

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

G. R. Ranawaka (Mrs)
Director General of Intellectual Property
National Intellectual Property Office of Sri Lanka
Samagam Madura, 3rd Floor
400 D. R. Wijewardhana Mawatha,
Colombo 10.

The financial statements prepared in pursuance of Section 176 (5) of the Intellectual Property Act, No. 36 of 2003 have been approved on 25...02.2022 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 Bhadrani Jayawardena
Secretary
Ministry Of Trade

J.M.B. Jayawardhana
Secretary
Ministry of Trade
No. 492, R. A. De Mel Mawatha,
Colombo 03.

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Intellectual Property Fund

Consolidated Cash Flow Statement for the year ended 31.12.2021

Cash Flow in terms of Direct Method

	31.12.2021	31.12.2020
Cash Flows from Operating Activities	**Rs.**	**Rs.**
Receipts		
Tax	2,925	2,175
Sale of Goods and Services	116,676,219	95,196,554
Interest Received	20,504,224	106,071,184
Other Proceeds	782,372	1,013,473
Payments		
Employment Costs	(2,469,733)	(2,742,271)
Payments to Suppliers	(43,625,775)	(45,664,349)
Other Payments	(1,757,472)	(1,606,526)
Net Cash Flow from Operating Activities	**90,112,760**	**152,270,241**
Cash Flows from Investing Activities		
Purchasing of Plant and Equipment	(3,628,840)	(665,654)
Proceeds from selling of Plant and Equipment	-	-
Interest from Investment Maturity	895,641,676	1,381,471,716
Purchasing of Investments	(942,540,602)	(1,501,163,963)
Net Cash Flow from Investing Activities	**(50,527,766)**	**(120,357,901)**
Cash Flows from Financing Activities		
Repayment of Tax Income	-	-
Government Disbursements	(39,059,989)	(31,732,185)
Net Cash Flow from Financing Activities	**(39,059,989)**	**(31,732,185)**
Net Gain/(Loss) of Cash and Cash Equivalents	525,005	180,155
Cash and Cash Equivalents as at 01.01.2021	1,886,552	1,706,397
Cash and Cash Equivalents as at 31.12.2021	**2,411,558**	**1,886,552**

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Intellectual Property Fund

Statement of Changes in Equity for the year ended 31.12.2021

	Stated Capital	Retained Profit/Loss	Other Reserve	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01.01.2020	843,728,223	-	-	843,728,223
Prior Year Adjustments	-	(905,264)	-	(905,264)
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**
Balance as at 01.01.2021	909,874,631	-	-	909,874,631
Prior Year Adjustments	-	3,590,550	-	3,590,550
Revaluation Profit	(5,578,250)	-	5,578,250	-
Net Profit for the Year	-	68,822,100	-	68,822,100
Balance as at 31.12.2021	**904,296,381**	**72,412,650**	**5,578,250**	**982,287,281**

Notes to the Final Accounts

Basic Accounting Principles and Statements

- The reporting period for these financial statements is from 01st January to 31st December 2021.
- The figures of the financial statements are presented in Sri Lankan rupees rounded to the nearest rupee.
- The Financial Statements have been prepared in accordance with the Sri Lanka Public Sector Accounting Standards.
- The Financial Statements have been prepared based on the historical cost concept. No adjustments have been made for the inflationary factors.
- Accounts have been submitted on the concepts of materiality, uniqueness, going concern and accrual basis, while appropriateness has also been taken into consideration.
- Assets Depreciation Policies
- Fixed Assets are depreciated during their useful economic lifetime on a straight line method. Assets are not depreciated in the year of acquisition. During disposal, the date of disposal is not considered and depreciation is adjusted for the whole year.

Rates of Depreciation

Office Equipment	10%
Office Fittings	10%
Furniture and Equipment	05%
Motor Vehicles	10%
Curtains	20%
Books	10%
Computer	25%

- Based on face value and cost value, the investments have been brought to accounts on lesser value of its either face or cost value. When the cost is greater than the face value, the loss has been adjusted immediately and when the cost is lesser than the face value the profit has been adjusted at the time of realization of investments.
- Accrued Expenses were calculated up to 20th February 2022.
- Income received for the supply of services for the accounting year is recognized according to the year and the income from investments is recognized on a time- proportion basis.

- The Government had incurred Rs44, 401,355 under the Appropriation Head 299 for recurrent expenditure including salaries and allowances of officers of National Intellectual Property Office in respect of the administration of the Intellectual Property Fund.
- The approval of the Cabinet of Ministers was granted on 08.04.2015 to recover the amount which had been spent on the construction of Intellectual Property Sales Promotion Center from the Urban Development Authority with respect to the Cabinet Memorandum No. 15/0272/625/007 dated 13.03.2015. Accordingly, a request has been made to the Director General of Urban Development Authority to recover the relevant amount.
- Cases filed against the Intellectual Property Fund were not reported. The National Intellectual Property Office is made a party in the subject of Intellectual Property.
- Applicants making appeals to the High Court of Colombo against the ex-parte decisions of the Director General of Intellectual Property, mostly in respect of trademark applications.
- Either party can make an appeal to the High Court of Colombo against a decision taken by the Director General of Intellectual Property in an inquiry into an opposition filed against trademark applications.
- No incidents were recorded after the date of the balance sheet.
- No transaction was made with the associated parties.

3.a.2 **Performance of the Utilization of Allocations** – Intellectual Property Fund

Table - 13: Performance of the Utilization of Allocations (Rs. 000)

Type of Allocation	Allocation		Actual Expenditures	Allocation utilization as a % of Final Allocation
	Original	Final		
Recurrent	87,113	87,113	52,405	60.16%
Capital	8,000	8,000	3,629	45.36%

3.a.3 **Performance of the Donations and other Grants -** Intellectual Property Fund

Table - 14: Performance on the Donations and Other Receivables (Rs. 000)

Institution from which Grant was received	Purpose	Allocation
-	-	-

3.a.4 **Performance of the Reporting of Non-Financial Assets-** Intellectual Property Fund

Table - 15: Performance of the Reporting of Non-Financial Assets (Rs. 000)

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	31,460	31,460	-	100%
9153	Lands	-	-	-	-
9154	Intangible Assets	-	-	-	-
9155	Biological Assets	-	-	-	-
9160	Work in Progress	-	-	-	-
9180	Leased Assets	-	-	-	-

3.a.5 **Audit Report** – Intellectual Property Fund

ENGLISH TRANSLATION

My No. TAC/A/IPOF/FS/21/21

Director General
Intellectual Property Fund

The Report of the Auditor General on the Financial Statements and other Legal and Regulatory Requirements of the Intellectual Property Fund for the year ended 31 December 2021 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 ending 31st December 2021 comprising the statement of financial position as at 31st December 2021, 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 was carried out under my directives in pursuance of provisions in the National Audit Act, No. 19 of 2018 read with the 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, the financial statements give a true and fair view of the financial position of the fund as at 31st December 2021 and its financial performance and cash flows for the year then ended in accordance with the Public Accounting Principles of Sri Lanka, except from the effects of the facts described in paragraph "**Basis for the Qualified Opinion**" of this report.

1.2 Basis for the Qualified Opinion

(a) During the reviewed year, the total cost for stationeries has been adapted to the financial performance statement despite of including it as a concluding bulk in financial statements, yet the value of the balance amount of stationeries marked Rs. 2,853, 549 as at 31 December from the purchase of stationeries.

(b) Validity period of the anti-virus software purchased for 75 no.s of official computers is from July 2021 to July 2022. Therefore, an excess has been indicated by the same amount in the cost of reviewing year, due to not adapting of the cost of Rs. 118,982 borne for the following year.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities on financial statements are further described in the "**Auditor's Responsibility for the Audit of the Financial Statements"** 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 Management and Administrative Bodies for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka public sector Accounting Standards, 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.

In preparation of financial statements, the management is responsible for the determination of capability to continuous as-a going concern of the fund, also, it is the responsibility of management to prepare the accounts on the going concern basis and to disclose the matters related to going concern, unless it's either intends to liquidate the fund or to cease the operational activities where there are no other alternatives.

Responsibility of examining the process of financial record of fund is accredited to the Administrative bodies.

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, 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 its' quantity is depend on the impact to the economic decisions taken on the basis of these financial statements by users.

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:

- 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 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.
- 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.

- 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 will make the administrative bodies aware of 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

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

- 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 those preceding year.
- 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 Management Activities/(Functions)

Below observations are done.

(a) Urban Development Authority has acquired the ownership of a land belonged to the Cooperative Wholesale Establishment and was undergone a construction of an Intellectual Property Sales Centre without transferring the ownership, on behalf of Tourism Development affairs. Accordingly, approval of the Cabinet of Ministers has been granted for the recovery of the amount (Rs. 22,298,751) spent for the construction of the building from the mentioned Authority by the Cabinet Memorandum No. CM/15/0272/623/007 dated 15th of March 2015. The amount could not be settled even in the reviewed year as the Cooperative Wholesale

Establishment did not agree to release the aforesaid amount to the Intellectual Property Office subsequent to valuation of the land.

(b) The excess payment of VAT amounting Rs. 273,083 has not been recovered in the reviewed year.

3.2 Performance

Below observations are done.

(a) Registration of Patents

(i) Number of Patent registration in year 2021 was 181 and 30 registrations out of the above were applications received from year 2008 to 2015. In terms of section 83(1) of the Act, Validity period of a Patent is 20 years from the date of application and accordingly it was observed that it has taken a considerable time from the validity period for the process of registration as it passed about 06 to 13 years for the registration of applications. Therefore the security that an applicant is seeking for has not been fulfilled.

(ii) It should correct the errors identified in the substantive examination before the expiry of three months from the date of notification in pursuance of the Section 78(2) of the Act. However it was identified in inspecting of a sample of 10 numbers of Patent files registered in the reviewed year that a period from 10 months to 41 months has been taken for it and it was the reason for the delay in the registration of Patents.

(iii) Yet 600 files from the backlog of previous years were planned to be completed during the reviewed year, it was not completed as planned. Therefore backlog remained (pending files) as 1142 numbers out of the Patent applications as at 31st December 2021.

(b) It was suggested to develop a Technology and Innovation Support Centre in each district of Sri Lanka with the help of World Intellectual Property Organization with main purpose of facilitating the access to technical data storages of Patent and Non- Patent and minimizing the rate of rejections of applications due to errors in applying process. Only one center was developed, yet it was planned for two centers during the reviewed year with the intention to minimize the high refusal rate marked as 48% to 60% out of the total applications.

(c) It was observed that the delay in enhancing the Computer Software System of National Intellectual Property Office (IPAS) adversely affected to the performance of all the projects as Computerized Information Technology directly links with the implementation of projects which facilitate the access for International Data and protect the rights related to Copyrights such as Madrid and Hague.

(d) A preliminary study has been conducted and a report has been prepared in year 2020 regarding the establishment of the Hague project, which facilitates the international registration of Industrial Designs. But only one workshop has been conducted even though two study and workshops have been planned to conduct having studied further on the related legal conditions and technical matters of the field. Also, according to the study report, it was recommended that a feasibility study conducted by getting recommendations from the qualified committees should be decided on whether or not to join the Hague System. Therefore, it was observed that due to the delay in the feasibility studies conducted after getting recommendations from the qualified committees, the decision regarding the accession to Hague system is also delayed.

(e) Although the Chapters xxxi and xxxiii of the Act provide for registration of layout designs for integrated circuits, registration and administration of geographical indications respectively, functions of registrations relevant to the above applications have not been initiated even in the reviewing year as the required amendments were not done to the Act. Particularly, it was expected to create a successful international market for Sri Lankan indigenous materials through the registration of Geographical Indications.

3.3. Annual Performance Report

Annual Performance Reports should be tabled in the parliament within 150 days of the ending of financial year in terms of the FR 877 (2) (E) inserted by Chapter 15.1 of the Public Finance Circular No. 01/2020 dated 28th August 2020, yet only the Annual Performance Report of year 2016 has been tabled in the parliament as at 31st December 2021.

W.P.C.WICKREMARATHNE

Auditor General

3.b). Financial Performance – Head 299

3.b.1. Statement of Financial Performance - Head 299

ACA -F

Statement of Financial Performance
for the period ended 31st December 2021

Budget 2021 Rs.		Note	Actual 2021 Rs.	Restated 2020 Rs.	
-	**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**		-	-	
56,839,000	Treasury Imprests		42,940,000	39,702,000	ACA-3
-	Deposits		22,475	21,950	ACA-4
-	Advance Accounts		5,246,604	2,927,403	ACA-5
-	Other Main Ledger Receipts		-	-	
56,839,000	**Total Non Revenue Receipts (B)**		**48,209,079**	42,651,353	
	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)		**48,209,079**	42,651,353	
-	**Remittance to the Treasury (D)**		**4,775**	34,516	
-	**Net Revenue Receipts & Non Revenue Receipts E = (C)-(D)**		**48,204,304**	42,616,837	
	Less: Expenditure				
-	**Recurrent Expenditure**				
55,000,000	Wages, Salaries & Other Employment Benefits	5	44,401,355	42,575,009	ACA-2(ii)
-	Other Goods & Services	6	-	-	ACA-2(ii)
1,300,000	Subsidies, Grants and Transfers	7	407,787	494,930	ACA-2(ii)
-	Interest Payments	8	-	-	ACA-2(ii)
-	Other Recurrent Expenditure	9	-	-	ACA-2(ii)
56,300,000	**Total Recurrent Expenditure (F)**		**44,809,142**	43,069,939	
	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 (G)**		-	-	
	Deposit Payments		22,475	21,950	ACA-4
	Advance Payments		5,363,000	1,850,764	ACA-5
	Other Main Ledger Payments		-	-	
	Total Main Ledger Expenditure (H)		**5,385,475**	**1,872,714**	
56,300,000	**Total Expenditure I = (F+G+H)**		50,194,617	44,942,653	
539,000	**Balance as at 31st December J = (E-I)**		(1,990,313)	(2,325,815)	
	Balance as per the Imprest Reconciliation Statement		(1,990,313)	(2,325,815)	ACA-7
	Imprest Balance as at 31st December		-	-	ACA-3
			(1,990,313)	(2,325,815)	

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3.b.2. Statement of Financial Position - Head 299

ACA-P

Statement of Financial Position
As at 31st December 2021

	Note	Actual 2021 Rs	2020 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	4,281,267	4,281,267
Financial Assets			
Advance Accounts	ACA-5/5(a)	8,965,071	8,848,675
Cash & Cash Equivalents	ACA-3	4,775	34,516
Total Assets		13,251,113	13,164,458
Net Assets / Equity			
Net Worth to Treasury		8,965,071	8,848,675
Property, Plant & Equipment Reserve		4,281,267	4,281,267
Rent and Work Advance Reserve	ACA-5(b)		
Current Liabilities			
Deposits Accounts	ACA-4	-	-
Unsettled Imprest Balance	ACA-3	4,775	34,516
Total Liabilities		13,251,113	13,164,458

Detail Accounting Statements in ACA format Nos. 1 to 7 presented in pages from 01 to 26 and Notes to accounts presented in pages from 27 to 32 form an integral part 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 in agreement.

We hereby certify that an effective internal control system for the financial control exists in the Reporting Entity and carried out periodic reviews to monitor the effectiveness of internal control system for the financial control and accordingly make alterations as required for such systems to be effectively carried out.

Chief Accounting Officer
Name : J.M.Bhadranie Jayawardhana
Designation : Secretary, Ministry of Trade
Date :25.02.2022

J.M.B. Jayawardhana
Secretary
Ministry of Trade
No. 492, R. A. De Mel Mawatha,
Colombo 03.

Accounting Officer
Name : G.R.Ranawaka
Designation :Director General of National Intllectual Property
Date 25.02.2022

G. R. Ranawaka (Mrs)
Director General of Intellectual Property
National Intellectual Property Office of Sri Lanka
Samagam Madura, 3rd Floor
400 D. R. Wijewardhana Mawatha,
Colombo 10

~~Chief Financial Officer~~/ Chief Accountant/ ~~Director (Finance)/ Commissioner (Finance)~~
Name :R.P.S.Rajapaksha
Designation :Accountant
Date :23.02.2022

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

NATIONAL AUDIT OFFICE

2

3.b.3 Statement of Cash Flows - Head 299

Statement of Cash Flows
for the Period ended 31st December 2021

	Actual 2021 Rs.	Restated 2020 Rs.
Cash Flows from Operating Activities		
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non Revenue Receipts	-	-
Revenue Collected on behalf of Other Revenue Heads	2,521,351	2,398,948
Imprest Received	42,940,000	39,702,000
Recoveries from Advance	4,785,936	3,029,542
Deposit Received	22,475	21,950
Total Cash generated from Operations (A)	**50,269,762**	**45,152,440**
Less - Cash disbursed for:		
Personal Emoluments & Operating Payments	44,374,635	42,545,229
Subsidies & Transfer Payments	407,787	494,930
Expenditure incurred on behalf of Other Heads	97,090	205,051
Imprest Settlement to Treasury	4,775	34,516
Advance Payments	5,363,000	1,850,764
Deposit Payments	22,475	21,950
Total Cash disbursed for Operations (B)	**50,269,762**	**45,152,440**
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(A)-(B)	-	-
Cash Flows from Investing Activities		
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Recoveries from On Lending	-	-
Total Cash generated from Investing Activities (D)	-	-
Less - Cash disbursed for:		
Purchase or Construction of Physical Assets & Acquisition of Other Investment	-	-
Total Cash disbursed for Investing Activities (E)	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES(F)=(D)-(E)	-	-
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (G)=(C) + (F)	-	-
Cash Flows from Financing Activities		
Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Total Cash generated from Financing Activities (H)	-	-
Less - Cash disbursed for:		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Total Cash disbursed for Financing Activities (I)	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(H)-(I)	-	-
Net Movement in Cash (K) = (G) + (J)	-	-
Opening Cash Balance as at 01st January	-	-
Closing Cash Balance as at 31st December	-	-

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3.b.4 Financial Statements - Head *299*

Basis of Reporting

1) Reporting Period

The reporting period for these Financial Statements is from 01st January to 31st December 2021.

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 reserve account is the corresponding account of Property Plant and Equipment.

6) Cash and Cash Equivalents

Cash & cash equivalents include local currency notes and coins in hand as at 31st December 2021.

7) Changes in Formats of Financial Statements & Adjustment of Comparative Figures

Relevant adjustments have been made to the comparative figures for the year 2020 in line with the changes made in the financial statements for the year 2021.

5

NATIONAL AUDIT OFFICE

3.b.5 Performance of Revenue Collection

Table – 13: Performance of Revenue Collection

(Rs.000)

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

3.b.6 Utilization Performance of Allocation

Table - 14: Utilization Performance of Allocation Head 299

(Rs.000)

Type of Allocation	Allocation		Actual Cost	Utilized Allocation as a % of the Final Allocation
	Initial Allocation	Final Allocation		
Recurrent	56,300	56,300	44,809	79.59%
Capital	-	-	-	-

3.b.7 Performance of the Donations and other Grants

Table – 15: Performance of the Donations and other Grants

(Rs.000)

Institution from which Grant was received	Purpose	Allocation
-	-	-

3.b.8 Performance of the Reporting of Non-Financial Assets - Head 299

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

(Rs.000)

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. TAS/A/IPO/FS/21/14

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 2021 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 financial statements of the National Intellectual Property Office of Sri Lanka for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021, and the statement of financial performance and the cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with 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 2021 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 Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities on financial statements are further described in the **Auditor's Responsibility for the Audit of the Financial Statements** 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.

2 Financial Review

2.1 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 Operational Review

3.1 Weaknesses of Management

As per a Budget Proposal of 2016, Rs. 100 Mn. has been approved for the project of Accession to the Madrid Protocol facilitating international registration of Trade Mark. Sri Lanka Information and Communication Technology Agency (ICTA) has been selected for the purchase, installation and maintenance of the Servers required for the implementation of the project and has entered into a Memorandum of Understanding with the institution in 30th December 2016. In terms of the agreement the relevant function should be completed in 06 months and a total of Rs. 32.5 Mn. has been paid for the agreed institution in the same day of the agreement along with the maintenance cost of Rs. 7.5 Mn which should be paid within three years period. The observations of the Department of Attorney General has been received on the 20th of August 2021 for the draft Memorandum of Understanding presented as per the instructions of Cabinet Memorandum No. CM/20/0139/215/009 dated

20th February 2020 given to the Secretary to the relevant Ministry for necessary actions to enter into an agreement with the mentioned institution due to the non-performance of contract. Yet both parties have not entered into a memorandum of understanding by the 30th of April 2022. As well, the approval of the cabinet has even been received by the Cabinet Memorandum No. CM/20/0154/215/011 dated 20th February 2020, for the necessary amendments to the Intellectual Property Act regarding the accession to the agreement, none other further actions have been taken after the receipt of Basic Draft from the Legal Draftsman's Department in August in the year of Review.

4 Good Governance

4.1 Internal Audit

The post of Internal Auditor has been approved in April 2019. However the post is vacant for 03 years as no attachment was done as per the request.

5 Human Resource Management

Below observation are done.

a) 09 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 90% out of the approved cadre was remained vacant from 5 years. A request has been done from Public Service Commission to recruit 03 officers from the Development Officers' staff who are acting in these posts without an Examination having amended the code of recruitment.

b) Vacancies remained for 02 posts from Information and Communication Technology Assistant and Information and Communication Technology Service has not been filled in the review year, despite of requests.

Sgd. B.G.I.Niranja

Senior Assistant Auditor General

For Auditor General

Chapter 04 - 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	9,251	9,947	107%	√		
	Number of Examinations	9,063	4,989	55%			√
	Publication in the Government Gazette	9,561	4,758	50%			√
	Number of Registrations	7,380	5,461	74%			√
Patents	Applications Received	550	539	98%	√		
	Number of Examinations	960	1,084	113%	√		
	Publication in the Government Gazette	200	222	111%	√		
	Grant of Patents	200	194	97%	√		
Industrial Designs	Applications Received	182	139	76%	√		
	Number of Examinations	182	164	90%	√		
	Publication in the Government Gazette	120	79	66%			√
	Number of Registrations	120	99	83%	√		

Chapter 05 - Performance of the achieving the Sustainable Development Goals (SDGs)

5.1 Identified Relevant Sustainable Development Goals

Table - 17: Sustainable Development Goals

Goals/ Objectives	Targets	Indicators of the Achievement	Progress of the Achievement To date		
			0%-49%	%74-50	%100-75
01. Identify and prioritize the examining vaccine and Human Immunity (drugs) related Patent applications	To identify and prioritize 80% of the Patent applications received in respect of vaccines and Human Immunity during the year.	Of the total applications received in respect of Human Immunity, the percentage of applications to which prioritization was given.			83.75% (67.5%x100/80) Three applications have been filed during the year and two out of them were subjected to formality examination.
02. Publish an advertisement on NIPO Web site that the priority will be given to the vaccine and Human Immunity related Patent applications.	To Publish the advertisement on the web site that the relevant priority is given.	The relevant advertisement on the web site on the priority mentioned.			75% It has been submitted for final approval to publish an advertisement on the NIPO website that the relevant priority will be given.

03. Publish an advertisement on NIPO Web site that the priority will be given to the trade mark applications for the businesses related to the Patent applications on vaccine and Human Immunity.	To Publish the advertisement on the web site that the relevant priority is given.	The relevant advertisement on the web site on the priority mentioned.			75% It has been submitted for final approval to publish an advertisement on the NIPO website that the relevant priority will be given.
04. Prioritize the trade mark applications for the businesses related to the Patent applications on vaccine and Human Immunity.	To identify and prioritize 80% of the trade mark applications for the businesses related to the Patent applications on vaccine and Human Immunity during the year.	Of the total applications completed the required qualifications, the percentage of applications to which prioritization was given			Not submitted.

Chapter 06 – 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	63	47	16
Primary	15	12	3
Contract/Casual	_	_	_
Total	98	72	26

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

As required by the approved cadre of the National Intellectual Property Office, 26 vacancies existed during the year 2021.

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 promoted to the post of Assistant Director during this year and the said cadre position was suppressed. Thus, the total cadre which stood at 99 as at 31.12.2020 has been reduced to 98.

Appointing of an officer to the vacant post of Assistant Director (Legal III) during this year can be considered as an achievement of the institution in this sector

6.3 Human Resources Development

Table - 19: Participation for the Training Programmes

	Name of the Programme	Number of Staff Trained	Duration of the Programme	Expenditure		Nature of the Programme (local/foreign)	Output/ Knowledge Gained
				Local	Foreign		
1	Public Service Disciplinary Procedure	1	2021.03.02/03/04	5000/-	–	Local	* To provide officers with knowledge on various aspects of the public service including subject matters, office procedures and responsibility and accountability of the public servants etc. * Assist in making disciplined public servants suitable to the public service.
2	Project Proposal writing Skills	1	2021.05.24/25	3500/-	–	Local	
3	Masters of Regional Development & Planning	1	2021/2022	112,500/- (75%)	–	Local	
4	Masters in Public Administration & management	1	2021/2022	98,500/- 51,500/-	–	Local	
5	Database Management using Ms Access (Online)	2	2021.10.27/28	7000/-	–	Local	
6	Preparation Professional documents with Ms Word (Online)	3	2021.10.26	6000/-	–	Local	
7	Advanced MS Excel Skills (Online)	7	2021.09.29/30 2021.12.16/17	24,500/-	–	Local	
8	Productivity Training Programs	72	2021.12.28 දින සහ 2021.12.30	195,000/-	–	Local	

- **Local Training**

05 local training opportunities were provided by external institutions to 14 officers during the year 2021. Further, through the productivity training workshops conducted in the institute premises during this year, efforts have been made to achieve the recommended minimum training time for all the staff of the institute.

- **Foreign Training**

The foreign training in 2021 was canceled due to the Corona pandemic situation that affected the entire world.

- **Post Graduate Courses**

During this year, two officers have been given the opportunity to follow postgraduate courses in local universities. These courses are spread over a period of two years 2021 and 2022.

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 2021 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.

Fourteen (14) officers of NIPO participated in 05 local training programmes conducted by external institutions in 2021. Additionally, through the productivity training workshops conducted in the institute premises during this year, efforts have been made to achieve the recommended minimum training time for all the staff of the institute. As well, all officers were provided with subjective basic training and further training opportunities were provided individually and as groups as required. 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.

<u>Virtual International Workshops held in 2021</u>

	Name of the Workshop	Date	To Whom	No .of Officers attended
1	Webinar on PCT System	2021.07.22	Officers of the Patent Division	13
2	Regional Online workshop: Intellectual Property Office as an Innovation Agency	2021.08.24	Officers of the Patent and Trademark Divisions	12
3	Virtual Patent Drafting Workshop	2021.08.31-09.11	Officers of the Patent Division	6
4	USPTO Examination of Outgoing International Applications	2021.09.17	Officers of the Trademark Division	24
		2021.09.23		24

Chapter 07 – Compliance Report

7.1 Compliance Report 2021 – Intellectual Property Fund

No.	Applicable Requirement	Compliance Status (Complied/ Not Complied)	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 Applicable	-
1.4	Stores Advance Accounts		Not Applicable	-
1.5	Special Advance Accounts		Not Applicable	-
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.	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.	Not Relevant	-	-
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.	Not Relevant	-	-
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	-	-
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	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.
6.3	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	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.
6.4	The copies of all internal audit reports have been submitted to the Auditor General in terms of Financial Regulation 134(3).	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.
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	Since this office remained closed due to the Covid 19 Pandemic, only 02 Committee meetings were held.	
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		

			the Disposal Committee as well.	
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.	Complied	-	-
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	-	-
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 Relevent		-

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	-	-
12.4	General Deposit Account	Not Relevant		
12.5	Action had been taken as per F.R.571 in relation to disposal of lapsed deposits.	Not Relevant	-	-
12.6	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.	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.	Complied		
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.		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 maintained 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.	Complied		
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		
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.	Complied		
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		Concerning the pandemic situation prevailed, the office remained closed and due to limited work space as a result of travel restrictions, Annual Performance Agreement could not be signed for all of the staff. But for the staff officers the fuction was completed.
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 2021 – (Head 299)

No.	Applicable Requirement	Compliance Status (Complied/ Not Complied)	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 Applicable	-
1.4	Stores Advance Accounts		Not Applicable	-
1.5	Special Advance Accounts		Not Applicable	-
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.	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 Applicable	-
2.8	The Stocks Register has been maintained and updated.		Not Applicable	-
2.9	The Register of Losses has been maintained and updated.		Not Applicable	-
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	A request has been forwarded by the letter No. 1/2/3(iii) dated 15.07.2020 regarding

			established.	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	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.
6.3	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	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.
6.4	The copies of all internal audit reports have been submitted to the Auditor General in terms of Financial Regulation 134(3).	Not Complied	An Internal Audit Division has not yet been	A request has been forwarded by the letter No. 1/2/3(iii) dated 15.07.2020 regarding

			establish ed.	appointing an Internal Auditor.
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	Since this office remained closed due to the Covid 19 Pandemic, only 02 Committee meetings were held.	
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	-	-
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.	Not Complied	-	
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 maintained 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.	Complied		
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		
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.	Complied		
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		Concerning the pandemic situation prevailed, the office remained closed and due to limited work space as a result of travel restrictions, Annual Performance

				Agreement could not be signed for all of the staff. But for the staff officers the fuction was completed.
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		