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வருடாந்த செயலாற்றுகை அறிக்கை
ANNUAL PERFORMANCE REPORT

2022

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

ANNUAL PERFORMANCE REPORT

2022

National Intellectual Property Office of Sri Lanka

This Report has been prepared in accordance with the formats of the Guideline number 14 of Public Finance Circular 02/2020 and the Guideline number 05 of Public Finance Circular 01/2020.

Annual Performance Report for the year 2022

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

Contents

1. INSTITUTIONAL PROFILE

1.1 INTRODUCTION

The National Intellectual Property Office established under the Intellectual Property Act, No. 36 of 2003 is mandated with the administration of intellectual property system in Sri Lanka. Intellectual property plays a vital and a significant role in overall economic development of any given country, especially in today's context where the knowledge is prominently active and absolutely important. Sri Lanka is strongly feeling, more than ever before, the need for investment, innovative and creative activity and transfer of technology and flow of knowledge in all areas of human 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 (2022).

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. It shares some characteristics associated with other property which a person can own. Intellectual property is an asset and has a monetary value. Like any other form of property, it can be owned, transferred, sold or licensed. Intellectual property is an intangible property which cannot be identified or defined by its own physical parameters. However, to be protectable, it must be expressed in a discernible form.

Intellectual Property is divided into two categories, namely, Industrial Property and Copyright.

1. **Industrial Property** includes Patents for inventions, Trademarks and Service Marks, Industrial Designs,
2. Copyright refers to protection granted to literary and artistic creations. The rights of performing artists, producers of sound recordings and broadcasting organizations are known as **Related Rights or Neighbouring Right**.

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

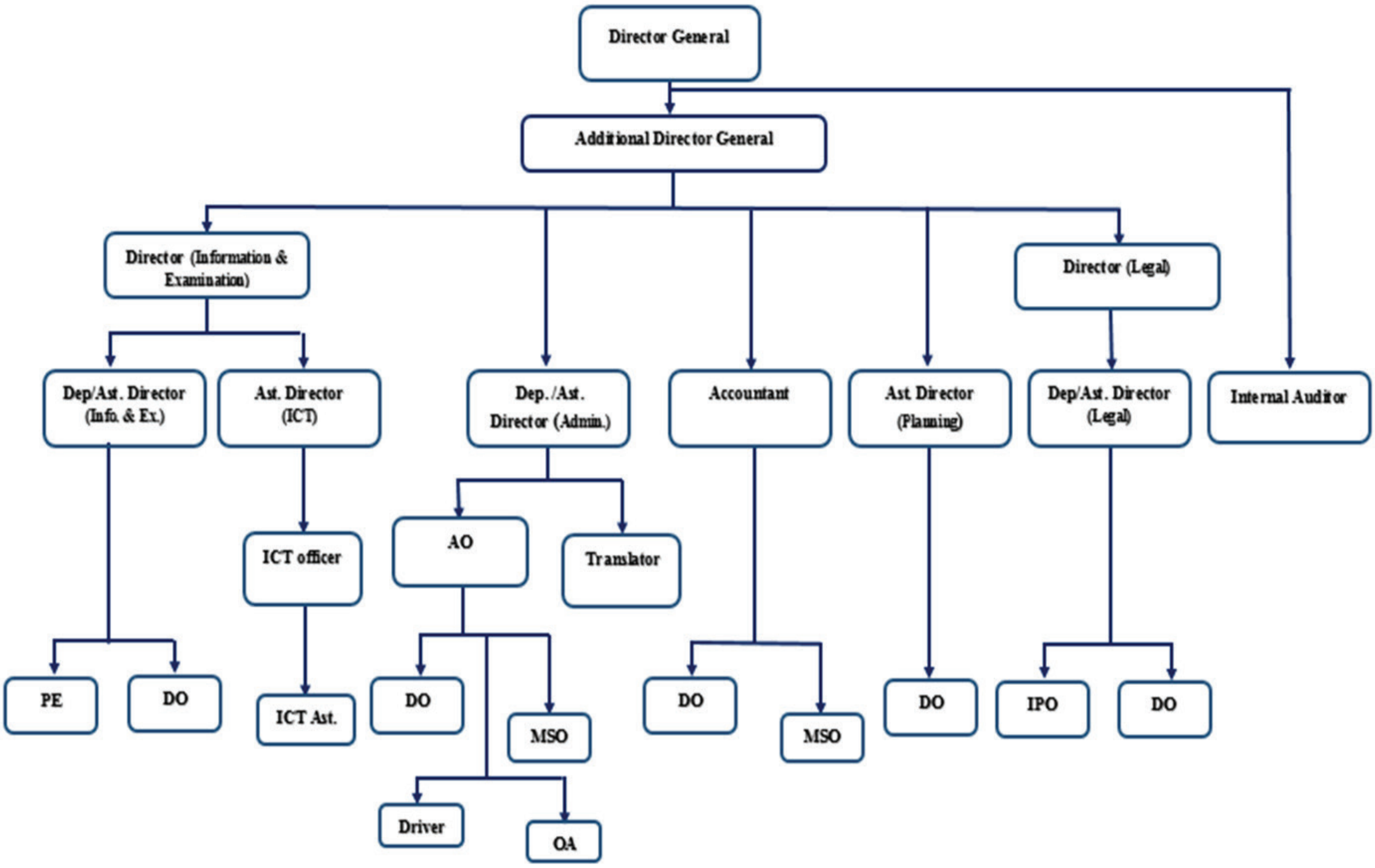
iii. Promotion of investment

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

1. Trademark Division
2. Patent and Industrial Design Division
3. Information Technology Division
4. Establishment Division
5. Accounts Division
6. Planning Division

1.5.1 Introduction to the Trademark Division

Trademark Division provides an important service by registering Trademarks and Service Marks which are categorized as Industrial Property under the scope of intellectual property.

This division is headed by the Director - Legal and all the above functions are performed by a staff consisting of five intellectual property officers, twelve Development Officers, one Office Assistant, and one officer temporary assigned by the multipurpose service programme under the direct supervision of three Assistant Directors.

An application submitted for a Trademark undergoes a complicated process up to the registration and renewal as per the stipulated provisions in the Intellectual Property Act, No. 36 of 2003 and the said process can be described as follows.

- Examine in order to ensure that the application is completed as per the Sections from 106 to 110 of the Act.
- Conduct substantive examination as required by section 103 and 104 of the Act and issue letters of acceptance or rejection to appplications which have fulfilled all formalities.

- Prepare Gazette Notifications for the accepted marks for the publication in the Government Gazette.
- Conduct Ex-parte/Opposition hearings.
- Issue Certificate of Registration for Trademark applications which qualify for registration, if no oppositions are filed by a third party upon the publication in the Government Gazette.
- Issue Renewal Certificates once every 10 years, upon payment of fees before the due date.
- Record Trademark assignments, changes of names/addresses and license contracts, and issue notification accordingly.
- Request the Attorney General's Department to appear in Court on behalf of the Director General of Intellectual Property to provide them with the relevant supporting documents with evidence, co-ordinate with other government institutions in respect of Trademark related matters, if and when any information needs to be shared.
- Participate in conferences/workshops/sessions/exhibitions related to Trademarks, to raise awareness or capacity building.
- Prepare and maintain statistics and information related to Trademarks and disseminating them to the interested parties.

1.5.2 Introduction to the Patent and Industrial Design Division

Examination of Patent applications, grant of Patents, examination of Industrial Design applications, and registration of Industrial Designs are the main functions of the Patents and Industrial Design Division. Patent and Industrial Design applications submitted to the National Intellectual Property Office under both resident and non-resident categories are referred to this division for examination. Furthermore, as Sri Lanka is a member of the Patent Cooperation Treaty (PCT) since 1982 the applications received under the treaty are also attended by this Division.

This division comprises of One Director (Information and Examination), Two Assistant Directors (Information and Examination), Twelve Development Officers, one Management Service Officer and an Office Assistant.

This Division maintains information related to Patents and Industrial Designs and responsible to disseminate relevant information to the general public, various governmental and non-governmental organizations and stakeholders as per the provisions of Intellectual Property Act

1.5.3 Information Technology Division

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

1.5.4 Introduction to the Establishment Division

Establishment Division contributes significantly to upgrade the overall productivity of NIPO 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 Introduction to the Accounts Division

Preparation of all Revenue Estimates received to the office, due accounting of revenue after classification, salary payment of the staff and functions of the Intellectual Property Fund,

Recording of Fixed Assets of the office, 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 09 officers and one Office Assistant discharging their duties under the supervision of the Accountant.

1.5.6 Introduction to the Planning Division

Planning Division is mainly responsible for developing a strategic plan towards accomplishment of the organizational objectives as per the vision and mission of NIPO. It also plays the key role in formulation of the annual action plan based on feasibility and potential development of the organization ensuring specific objectives are achievable. This division is further responsible for monitoring, supervising and 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 have also been entrusted to this division. Enhancing mutual understanding and trust between the organization and the general public by means of introducing Citizens' Charter, thus increasing the productivity of the organization has been undertaken by this division. This division is further responsible for preparation of human resource development plan of the organization and matters related to performance enhancement of the officers and 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

- ✓ Governmental Consolidated Fund – Head 299
- ✓ Intellectual Property Fund

1.7 Details of Foreign Aided Projects

- ✗ None

2. Progress and the Future Outlook

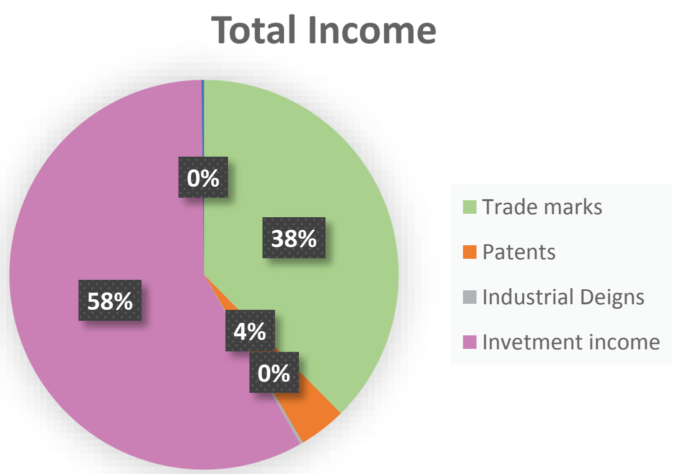
Financial Progress

Revenue

The total income of National Intellectual Property Office for the year ended 31.12.2022 is Rs.278.57 million, 58% out of which consists of revenue collected through interest-invested income surplus of the Intellectual Property Fund (IP Fund), while the remaining 42% is generated from charges under the Intellectual Property Act.

1/3 of revenue generated by discharging the functions mandated by the Intellectual Property Act was credited to the Governmental Consolidated Fund as required by the provisions, and by the year ended 31.12.2022 the said amount stood as Rs.38.97 million.

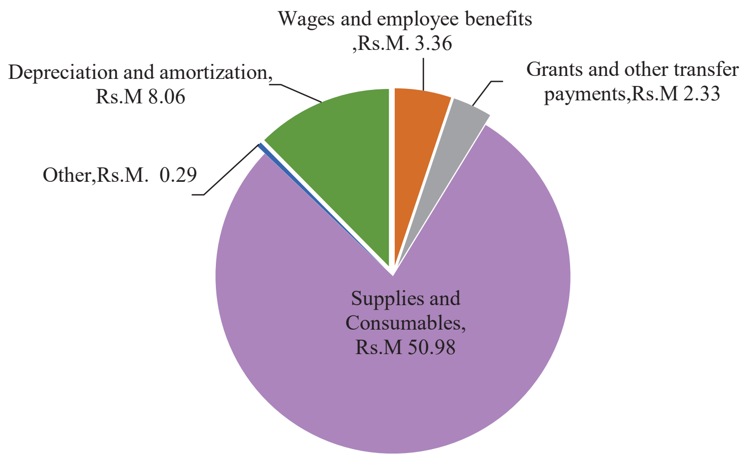
Chart 1: Total Income as at 31.12.2022



Expenditure

The Treasury has allocated Rs 46.25 million under the Head 299 for the payment of salaries of the staff of National Intellectual Property Office. The remaining expenditure was afforded by the Intellectual Property Fund amounting to Rs 65 million as at 31.12.2022.

Chart 2: Total Expenditure of Intellectual Property Fund as at 31.12.2022



2.1 Performance of Trademark- Related Tasks

Table - 1: Performance of the Trademark related activities for the year ended 31.12.2022

Activities		Physical Progress (Tasks attended by the Division)		
		Estimation	Actual	%
1	Applications received	10073	9466	94%
2	Formality Examination	10073	6414	64%
3	Issue of letters to applicants (acceptance and rejection of applications)	10073	10877	108%
4	Trademark Gazette Notifications published in the Government Gazette	9795	5788	59%
5	Issuance of Registration Certificates – Trademarks	7450	3643	49%
6	Request for the Renewal of Trademarks	4333	3473	80%
7	Recordal of Assignments	1538	1400	91%
8	Recordal of changes of names/addresses	2551	2016	79%

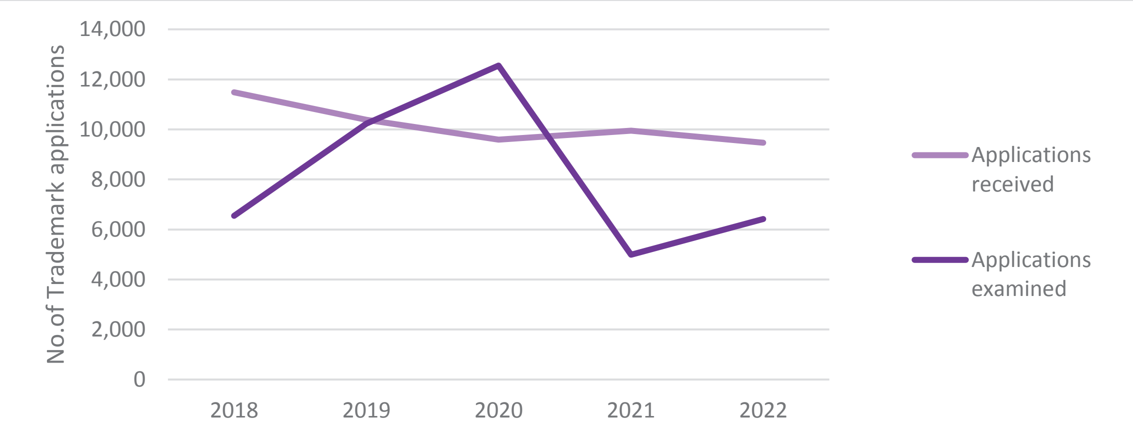
Progress of the Trademark Division has been analyzed under three main activities.

2.1.1 Comparison of examined Trademark applications against received applications

Table - 2: Comparison of examined Trademark applications against received applications

Year	2018	2019	2020	2021	2022
Applications Received	11,483	10,385	9,593	9,947	9466
Applications Examined	6,542	10,224	12,551	4,989	6414

Chart - 3: Comparison of examined applications against received applications



The above Table - 2 and Chart - 3 depict a comparison between number of Trademark applications received and Number of applications examined from 2018 to 2022.

As per the above chart, there is a gradual decline in the number of applications received from 2018 to 2022. Accordingly, it can be observed that the number of received applications is a sensitive indicator depending on the prevailing condition of the National Economy.

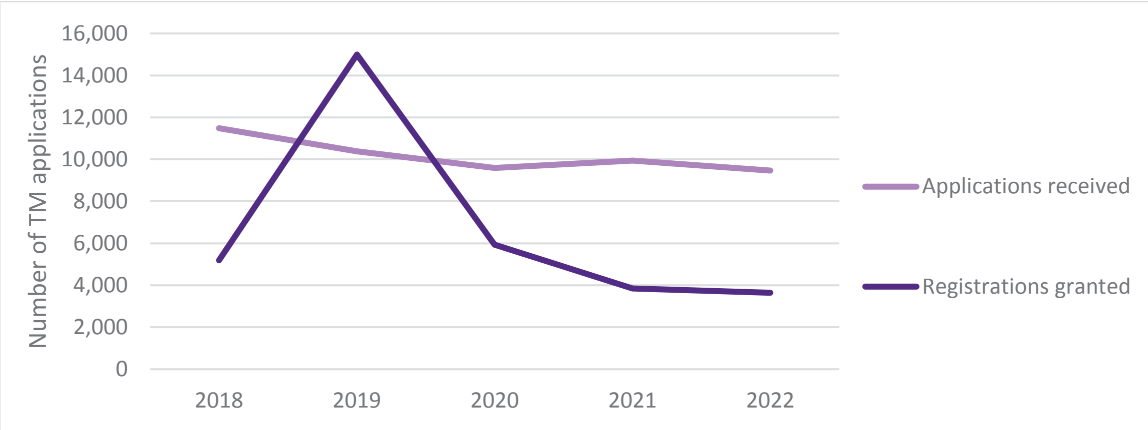
A significant fluctuation is observed in the examined applications and it can be explained as the change of priorities towards certain other activities due to special projects carried out in the office in aforesaid year.

2.1.2 Comparison of registered Trademark applications against received applications

Table - 3: Number of Trademark applications received and registration granted

Year	2018	2019	2020	2021	2022
Applications Received	11,483	10,385	9,593	9,947	9466
Registrations Granted	5,192	14,993	5,932	3,848	3643

Graph - 4 : Comparison between number of Trademark applications received and registration granted



The Table - 3 and Chart - 4 show a comparison between number of Trademark applications received and the registrations granted from 2018 to 2022.

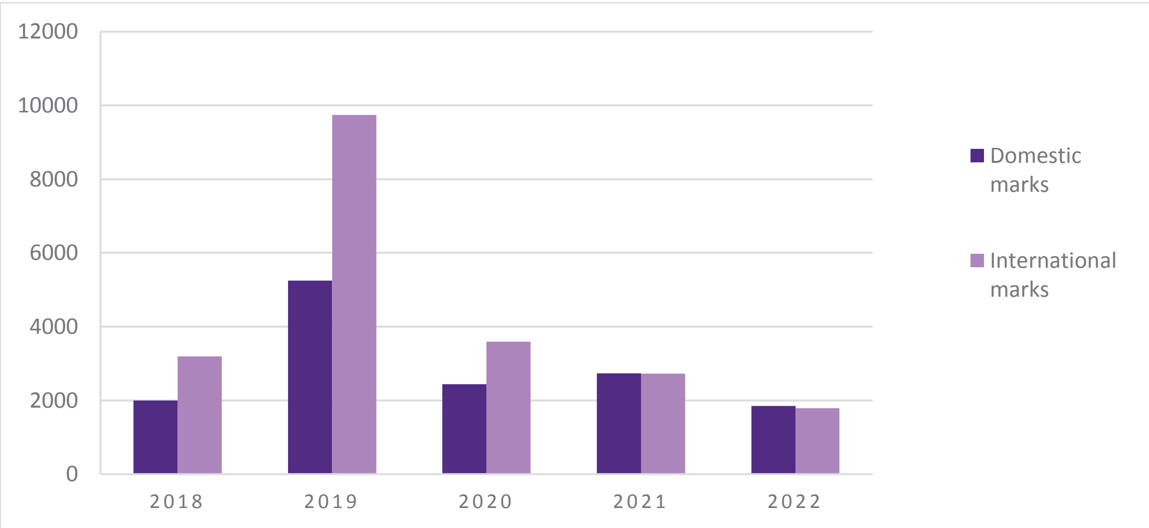
The clearance of a backlog has marked the highest number of registration in 2019 due to a special project launched during the year. During 2020- 2022, the number of registration amount to an average of 4500 due to the after effects of Covid -19 Pandemic situation and the unprecedented condition in the country in 2022. Furthermore, it reflected that the number of Intellectual Property Officers serving in the Trademark Division has negatively effected the progress of the Trademark Division due to their retirement.

2.1.3. Breakdown of registered Trademark applications into domestic and international

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

	2018	2019	2020	2021	2022
Domestic Marks	1,998	5,250	2,442	2,734	1850
International Marks	3,194	9,743	3,590	2,729	1792

Graph - 5 : Breakdown of registered Trademark applications into domestic and international



A breakdown of registered Trademark applications during the year 2022 into domestic and international is presented in Table - 4 and Chart – 5.

It can be observed that the priority of the international applications which continued from 2018 is terminated after 2021. A comparative decrease in both domestic and international applications is indicated as well.

It is deducible that the registration of foreign brands in Sri Lanka has been down casted and thus the number of received Trademark applications serves as a sensitive indicator with the prevailing condition of the National Economy.

2.2 Performance of Patent -Related Tasks

Table - 5: Performance of the Patent related activities for the year ended 31.12.2022

Activities		Physical Progress (Tasks attended by the Division)		
		Estimated	Actual	%
1	Receiving of Applications	575	431	75%
2	Examining formality requirements of the applications (Local, International & PCT)	575	1058	184%
3	Examining Novelty (Examining the Patentability requirements of applications)	960	1211	126%
4	Preparation of Patent Journals for Publication	4	12	300%
5	Publication of Patent Notices in Government Gazette	200	246	123%
6	Preparing of Patent Certificates	200	189	95%
7	Renewal of registered applications	530	563	106%
8	Providing information for public/access to local database	100	614	614%

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

2.2.1 Comparison of examined Patent applications against received applications

Table - 6: Number of examined Patent applications aganst received applications

Year	2018	2019	2020	2021	2022
Applications Received	603	611	603	539	431
Applications Examined	1,059	1,117	922	1084	1211

Graph - 6: Number of examined applications with received applications

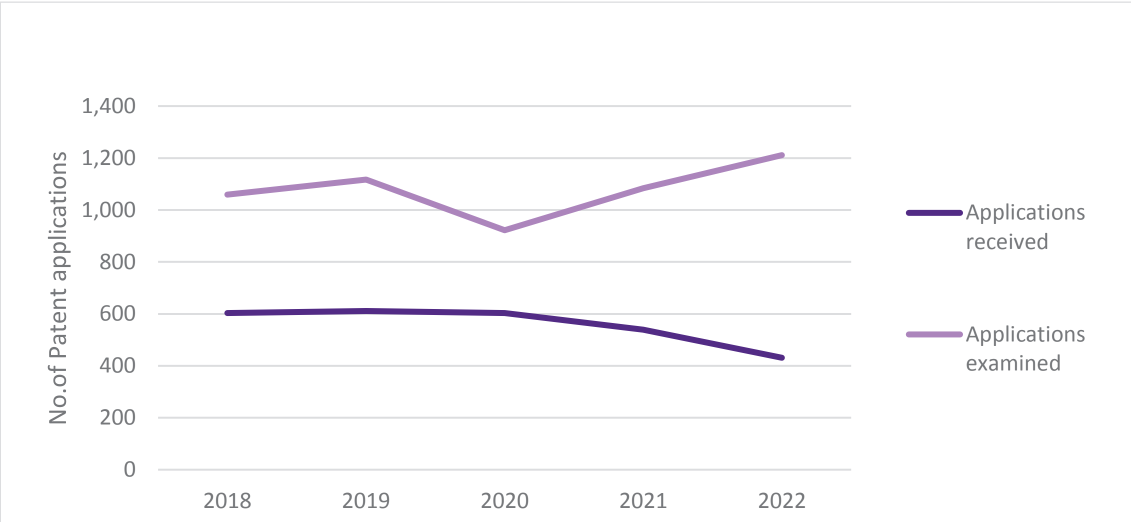


Table - 6 and Graph – 6 depict a comparison between number of Patent applications received and number of applications examined from 2018 to 2022.

Above graph indicates a gradual decline in received Patent applications from 2018 to 2022.Accordingly, it can be assumed that the number of submitted applications depend on the prevailing condition of the National Economy.

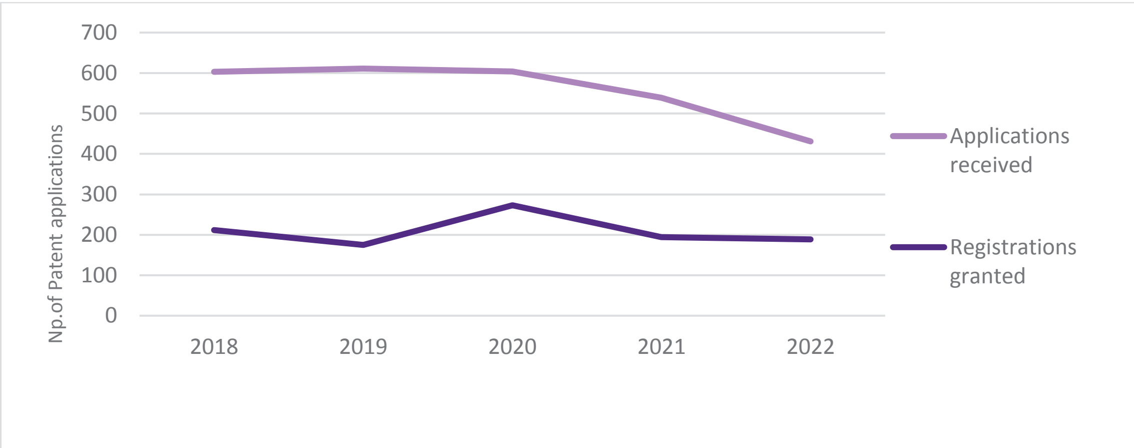
It is observed that a gradual increase in number of examinations conducted since 2020 and accordingly, it can be expected that the backlog in the Patent Division can be cleared in the coming year.

2.2.2. Comparison of Patent granted against received applications

Table - 7: Comparison of Patent granted against received applications

Year	2018	2019	2020	2021	2022
Applications Received	603	611	604	539	431
Registration Granted	212	175	273	194	189

Graph - 7: Comparison of registration granted with received applications



The Table - 7 and Graph – 7 indicate a comparison between number of applications received and the Patents granted from 2018 to 2022.

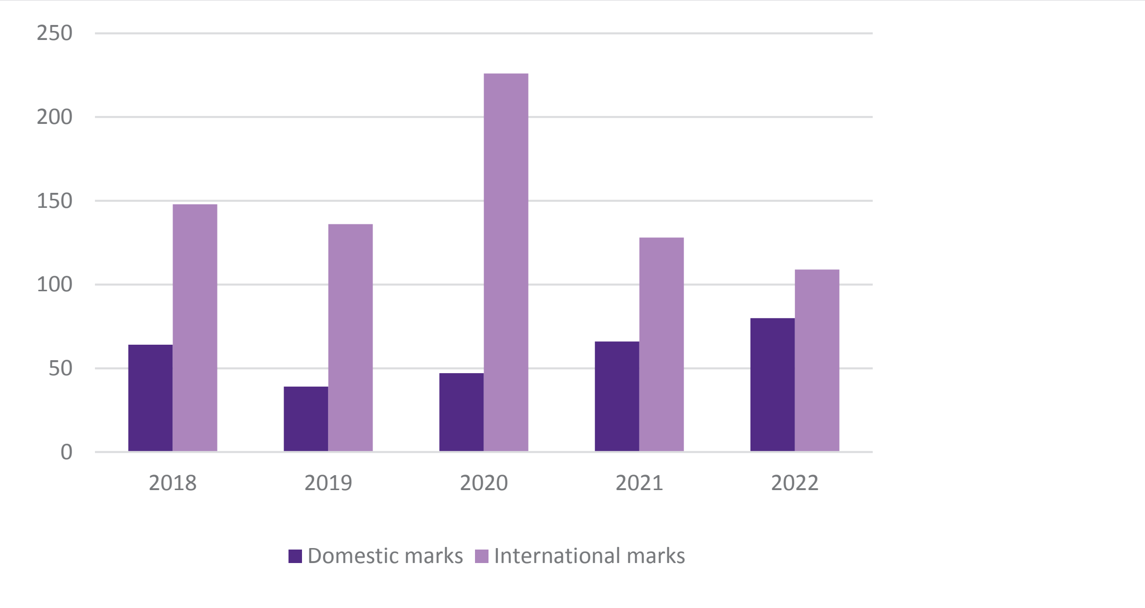
Above graph depicts a grant of Patents with an approximate uniformity in the middle of the declining receipt of Patent applications annually. Since the process of granting Patents is comparatively a time-consuming process, ratio of the issuing of Patents against the number of applicatons received in previous year reflects a gradual increase. As a result of it, the backlog in the division can be cleared in the coming year.

2.2.3. BREAKDOWN OF PATENTS GRANTED INTO DOMESTIC AND INTERNATIONAL

Table - 8: Breakdown of Patents granted into domestic and International

Year	2018	2019	2020	2021	2022
Domestic	64	39	47	66	80
International	148	136	226	128	109

Graph - 8 : Breakdown of Patents granted into domestic and international



A breakdown of Patents granted from 2018 to 2022 into domestic and international is depicted by Table – 8 and Chart – 8.

A relative growth of domestic applications and gradual decrease in receiving foreign Patent applications which had reached their highest recorded point by 2020 is demonstrated. Accordingly, it is assumed that there is a strong attraction in local artists towards emerging opportunities and an exclusion of foreign artists within the compressed national economy.

The total number of Patents granted in 2022 is 189, out of which 80 are grants of patens for domestic applications. It is the highest number of Patents granted for domestic applications in a single year since 2010.

80 Patents were awarded in 2022 for domestic applications and the said amount is comprised of 27 applications received in 2021, 22 applications received in 2020, 12 applications received in 2019, 09 applications received in 2018 and 10 applications received from 2011 to 2017.

Furthermore, out of the 80 Patent granted in 2022, 41 (51.25%) grants were conferred upon individuals, 24 (30%) were allocated to Goverment Universities, and 15 (18.75%) grants were awarded to private institutions.

2.3 Performance of Industrial Designs-Related Tasks

Table - 9: Performance of the Industrial Designs related activities for the year ended 31.12.2022

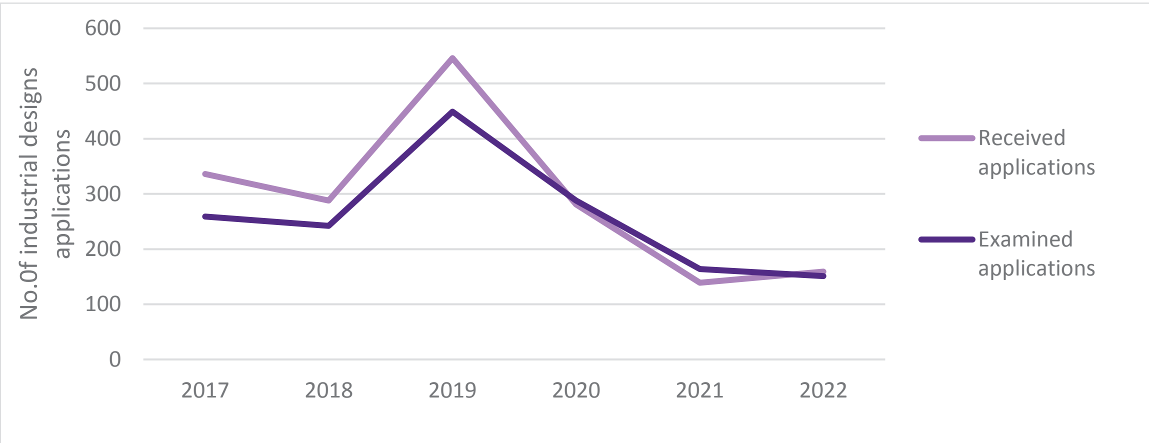
Activities		Physical Progress (Tasks attended by the Division)		
		Estimated	Actual	%
1	Receiving of applications	250	159	64%
2	Examining formality requirements of applications (Local and International)	250	321	128%
3	Substantive examination of applications	4	151	60%
4	Preparing Journals for publication	150	7	175%
5	Gazette Publication of Industrial Designs related Notices	150	176	117%
6	Preparing certificates	250	96	64%
7	Renewal of registered applications	50	121	48%
8	Providing information for public/searching local database	250	221	442%

2.3.1 Comparison of examined Industrial Designs applications against received applications

Table - 10: Number of examined Industrial Designs applications with received applications

Year	2018	2019	2020	2021	2022
Received Applications	288	546	281	139	159
Examined Applications	242	449	288	164	151

Graph - 9: Number of examined Industrial Designs applications against received applications



The Table - 10 and Graph – 9 display a comparison between number. of Industrial Designs applications received and the number. of Industrial Designs examined applications during 2022 in respect of Industrial Designs.

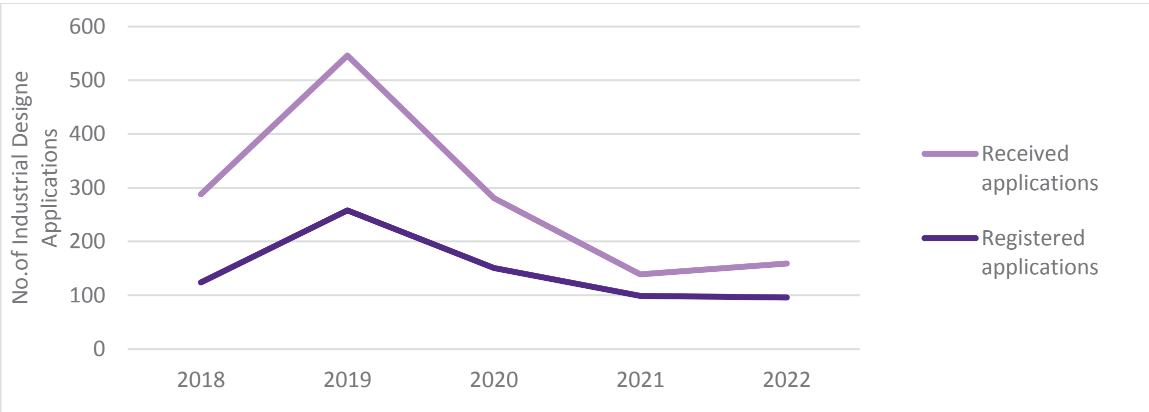
A slight growth is visible compared to the year 2021 in filing of Industrial Design applications which had decreased quantitively due to current economic downturn. Similarly, it can also be observed that an advanced progess is recorded in Industrial Design Division as almost all the submitted applications were examined.

2.3.2. Comparison of Industrial Design Registration against Received applications

Table - 11: Comparison of Industrial Desige registration against received applications

Year	2018	2019	2020	2021	2022
Received Applications	288	546	281	139	159
Registered Applications	124	258	151	99	96

Graph - 10: Comparison of registered applications with received Industrial Design applications



The Table - 11 and Graph – 10 show a comparison between number of Industrial Design applications received and the registered applications from 2018 to 2022 in respect of Industrial Designs.

It is evident that the dwindling national economy has led to a reduction in the annual registration of Industrial Designs, owing to a decline in the number of filed applications.

In the year of 2022, a total of 96 Industrial Designs were registered, out of which, 81 applications were filed within the timeframe between 2020 and 2022. Among the registrations, there were 13 Industrial Design applications filed in 2019, and 2 applications filed before 2019.

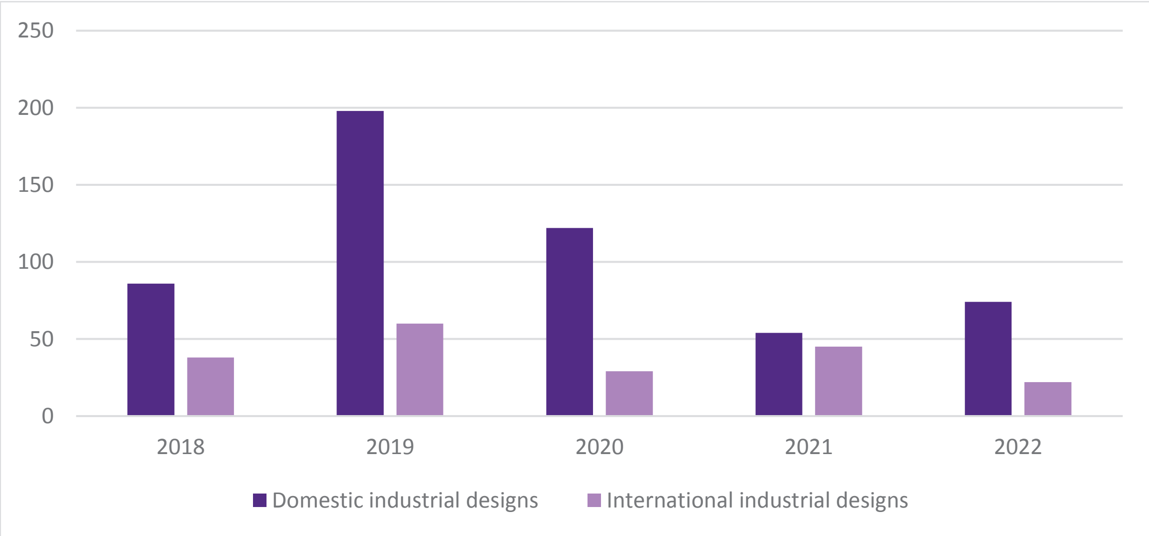
Accordingly, it can be assumed that there is no backlog in Industrial Design Devision indicating a commendable level of high performance.

2.3.3. Breakdown of registered Industrial Designs into Domestic and International

Table - 12: Breakdown of registered Industrial Designs applications into domestic and international

Year	2018	2019	2020	2021	2022
Domestic	86	198	122	54	74
International	38	60	29	45	22

Graph - 11: Breakdown of registered Industrial Designs applications into domestic and international



The Table - 12 and Graph -11 represent a breakdown of Industrial Design applications received during the year 2022 into domestic and international.

Based on the graph provided, it can be seen that the total number of Industrial Design applications registered each year vary significantly. Nevertheless, the number of domestic applications for Industrial Designs is higher than the number of foreign applications for Industrial Designs. It can be assumed that significant lower number of registrations of Industrial Designs in the year 2020, could be attributed to a diminishing interest among foreign designers, due to the unfavorable economic conditions prevailing in the country, during the year.

2.4 Special Achievements

- **Trademarks**

After the grant of the approval of the Cabinet of Ministers for accession to the Madrid Protocol administered by the World Intellectual Property Organization (WIPO), which facilitates filing of international application of marks, the relevant draft amendment has been referred to the National Intellectual Property Office by the Legal Draftsman for observations and the said observations have been already submitted to the Legal Draftsman's Department for approval.

- **Patents**

The Patent and Industrial Design Division was capable of completing the substantive examination of all domestic applications (except 2 applications received in year 2019) filed upto 2020 by the end of 2022.

- **Copyright**

Discussions were held by the committee appointed by the Minister of Trade, Commerce and Food Security to submit recommendations on the royalty payable to the right holders whose songs have been performed at reality shows and the distribution of the funds credited to the Collective Management Organizations (CMO's) among the relevant artists. The report of the committee has already been submitted to the Minister of Trade, Commerce and Food Security during the year.

- **Geographical Indications**

Amendment of the Intellectual Property Act including a mechanism for registration of Geographical Indications.

Intellectual Property Act No. 36 of 2003 has already been amended and the Intellectual Property (Amendment) Act No. 08 of 2022 was approved by the parliament in 2022. NIPO is currently drafting Regulations for the registration of Geographical Indications and the said draft Regulations will be submitted to the Legal Draftman upon receiving the approval of the Intellectual Property Advisory Commission

- **Technology and Innovation Support Centers (TISC) Project**

The Technology and Innovation Support Centers (TISC) Project is aimed to facilitate the access to Patents and technical information. With the said objective, actions have been taken to amend the project report. Necessary actions have been taken to sign 04 new Memorandum of Understanding with 04 institutions.

- **Enabling Intellectual Property Environment Project**

The project initiated in 2016 in collaboration with the World Intellectual Property Organization with the primary objective of developing the capacity required to commercialize new products generated by universities and research institutions has been successfully concluded in 2022. As per objectives therein, two Patent drafting workshops and Patent Prior Art Examination Workshops organized in 2017 and 2020 have significally contributed to the capacity development of Paten Examiners as well as researchers. The technology transfer training programs (05), Scholarship programs (06) and technology transfer mentorship programs (05) organized to facilititate the commercialization of new inventions have proven to be especially beneficial for enhancing the capacity of the universities and research institutions that participated in this project.

- NIPO excelled in the Annual Report awards competition held in 2022 by winning the first place gold award under the department category for the Annual Report 2020.

2.5 Challenges

- Due to the unprecedented social condition prevailing in the country, the staff faced with various difficulties and inconviniences in reporting to duty. Therefore NIPO's services were continued by performing duties from home through online system thus minimizing physical attnedance. As a result of such measures an optimal service could be extended.

- Non – availability of a remotely accessible e-system in the Trademark Division to carry out duties from home more efficiently and accurately was a challenge. However, duties of Trademark Division were uniterruptedly discharged using e-mail and "Any Desk" system.

- Since there were no adequate space in the Record Room of Trademark Division for the storage of physical files, there were issues in storing the files properly. Measures were taken to remove unneccessary files by launching a project on identifying invalid incorporated files.

- Inadequate staff in the Trademark and Patent Divisions has caused delays in processing the application.

- Trademark Division receives around 1000 applications per a month. All the functions of the process between examination, registration and renewal of Trademarks were handled by a limited staff consisting of a Director (Legal), 03 Assistant Directors (Legal), 12 Development Officers and 02 Office Assistants.

2.6 FUTURE GOALS

- To reduce the time period for Patent examination (examination for novelty) to a period of 08 months.

- To provide facilities to the public to file applications and other documents online.

- Accession to Madrid Protocol administered by the World Intellectual Property Organization (WIPO) in order to facilitate international filing of marks.

- To Facilitate Registration of Geographical Indications (GIs).

- The Intellectual Property Act (No. 03 of 2003) was amended by the Act No. 08 of 2022, facilitating registration of Geographical Indications. Upon approval of the Regulations by the Legal Draftsman, registration of Geographical Indications can be commenced.

- Standardization and regulation of copyright payments.
  A study report has been submitted to the Minister on the royalty payable to the right holders during reality shows by the committee appointed for the study. If the said recommendation can be implemented, payment of royalty to the rightholders will be standardized and strengthened.

- To establish a separate division for Copyright.
  The feasibility study for this is expected to be done in the year 2023 upon obtaining more space to accommodate the staff.

3. Overall Finance Performance of the Year

3.A
- Intellectual property fund

3.B
- Head - 299

3.(A) FINANCIAL PERFORMANCE – INTELLECTUAL PROPERTY FUND

3.(A)1 FINANCIAL STATEMENT - INTELLECTUAL PROPERTY FUND

Intellectual Property Fund

Statement of Financial Performance for the period ended 31.12.2022

	Notes	31.12.2022	31.12.2021
Revenue		**Rs.**	**Rs.**
Revenue from Trademarks	3	69,809,906	70,271,480
Revenue from Patents	3	7,297,882	6,951,459
Revenue from Industrial Designs	3	466,230	561,207
Other Revenue	4	397,737	381,176
Interest Income from Investments	5	161,614,335	43,062,272
Total Revenue		**239,586,090**	**121,227,595**
Expenditure			
Wages, Salaries, and other Employment Benefits	2	3,355,950	2,443,119
Grants and other Transfer Payments	2	2,329,763	1,263,585
Supplies and Consumables	2	50,982,250	40,956,811
Others	2	286,983	529,177
Depreciation and Amortization	2	8,064,032	7,212,801
Total Expenditure		**65,018,978**	**52,405,494**
Surplus / (Deficit) for the Period		**174,567,112**	**68,822,100**

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Intellectual Property Fund
Statement of Financial Position as at 31.12.2022

	Notes	31.12.2022	31.12.2021
		Rs.	Rs.
Assets			
Current Assets			
Cash and Cash Equivalents	8	9,246,872	2,411,558
Closing Inventory - Stationery		5,419,136	-
Income Receivable	9	19,959,330	31,387,410
Short Term Investments	7	1,076,609,446	898,540,693
Pre-Payments	11	311,519	5,345
		1,111,546,304	**932,345,005**
Non-Current Assets			
Plant, Property and Equipment	6	28,966,553	31,460,226
Reimbursements Receivable – Intellectual Property Promotion Center		22,298,751	22,298,751
		51,265,304	53,758,977
Total Assets		**1,162,811,608**	**986,103,982**
Liabilities			
Current Liabilities			
Accrued Expenditure	12	3,262,384	3,816,701
Non-Current Liabilities		-	-
Total Liabilities		**3,262,384**	**3,816,701**
Net Assets		**1,159,549,224**	**982,287,281**
Net Assets/Equity			
Accumulated Surplus/ Deficiency	10	1,159,549,224	982,287,281
Total Net Assets/ Equity		**1,159,549,224**	**982,287,281**

R.P.S. Rajapaksha
Accountant

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

Geethanjali.R.Ranawaka
Director General of Intellectual Property

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

The financial statements prepared in pursuance of Section 176(5) of the Intellectual Property Act, No. 36 of 2003 have been approved on 27.02.2023 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.

A.M.P.M.B. Atapattu
Secretary
Ministry of Trade, Commerce and Food Security
2023-02-27

A. M. P. M. B. Atapattu
Secretary
Ministry of Trade, Commerce and Food Security

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Intellectual Property Fund

Consolidated Cash Flow Statement for the year ended 31.12.2022

Cash Flow in terms of Direct Method

	31.12.2022	31.12.2021
Cash Flows from Operating Activities	Rs.	Rs.
Receipts		
Tax	3,600	2,925
Sale of Goods and Services	116,361,027	116,676,219
Interest Received	173,042,415	20,504,224
Other Receipts	711,520	782,372
Payments		
Employment Costs	(3,351,958)	(2,469,733)
Payments to Suppliers	(54,207,878)	(43,625,775)
Other Payments	(2,617,875)	(1,757,472)
Net Cash Flow from Operating Activities	**229,940,852**	**90,112,760**
Cash Flows from Investing Activities		
Purchasing of Plant and Equipment	(6,098,664)	(3,628,840)
Receipts from selling of Plant and Equipment	16,188	-
Interest from Investment Maturity	3,712,934,284	895,641,676
Purchasing of Investments	(3,891,003,038)	(942,540,602)
Net Cash Flow from Investing Activities	**(184,151,229)**	**(50,527,766)**
Cash Flows from Financing Activities		
Repayment of Tax Income	-	-
Government Disbursements	(38,954,309)	(39,059,989)
Net Cash Flow from Financing Activities	**(38,954,309)**	**(39,059,989)**
Net Gain/(Loss) of Cash and Cash Equivalent	6,835,314	525,005
Cash and Cash Equivalents as at 01.01.2022	2,411,558	1,886,552
Cash and Cash Equivalents as at 31.12.2022	**9,246,872**	**2,411,558**

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Intellectual Property Fund

Statement of Changes in Equity for the year ended 31.12.2022

	Stated Capital	Retained Profit/Loss	Other Reserves	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01.01.2021	909,874,631	-	-	909,874,631
Previous 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**
Balance as at 01.01.2022	976,709,031	-	5,578,250	982,287,281
Previous Year Adjustments	-	2,694,831	-	2,694,831
Revaluation Profit	-	-	-	-
Net Profit for the Year	-	174,567,112	-	174,567,112
Balance as at 31.12.2022	**976,709,031**	**177,261,943**	**5,578,250**	**1,159,549,224**

Notes to the Final Accounts

Basic Accounting Principles and Statements

- The reporting period for these financial statements is from 01st January to 31st December 2022.
- 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.

Rates of Depreciation

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

- The investments have been brought to accounts on lesser value of its either face or cost value.
- Accrued Expenses were calculated up to 23rd February 2023.
- Balanced stationery stock for 31.12.2022 is Rs. 5,419,136.
- 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 Rs.46,245,955 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 23.04.2015 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 23.04.2015. 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.

    i. Making appeals by the applicants to the High Court of Colombo against the ex-parte decisions of the Director General of Intellectual Property, mostly in respect of trademark applications.

    ii. Making an appeal by the relevant party 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

(Rs.000)

Type of Allocation	Allocation		Actual Expenditure	Allocation utilization as a % of Final Allocation
	Original	Final		
Recurrent	75,302	75,302	65,018	86.3%
Capital	9,600	9,600	3,034	31.6%

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

(Rs.000)

Ministry/Dept. - grant allocations	Purpose	Allocation
-	-	-

3. (A) 4. PERFORMANCE OF THE REPORTING OF NON-FINANCIAL ASSETS –Fund

(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	4,281	4,281	-	100%
9153	Lands	-	-	-	-
9154	Intangible Assets	-	-	-	-
9155	Biological Assets	-	-	-	-
9160	Work in Progress	-	-	-	-
9180	Leased Assets	-	-	-	-

3. (A) 5. Audit Report - Fund

ENGLISH TRANSLATIN
My No. TAC/A/IPOF/FS/22/27

Director General
National Intellectual Property Office of Sri Lanka

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 2022 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 2022 comprising the statement of financial position as at 31st December 2022, the statement of financial performance, statement of changes of titles 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 2022 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

The fully depreciated cost, property specification of Rs. 6,330,865 at the end of the year under review and the equipment that still being utilized has not been disclosed in the financial statements. As well, in terms of no. 03 of S.L.P.A.A.P, actions has not been taken to adjust in the financial statements after reviewing the estimation error again on the effective life time of these assets.

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 Non-conformity with the rules and regulations

As per the Public Finance Circulars No. 01/2020 dated 28th August 2020 and No.01/2020 (ii) dated 20th December 2020, although every government institutions which have not increased the service charges applicable for the services provided, should revise them, the office has not obtained the approval to revise and revised the charges.

3.2 Management of Assets

Below observations are done.

In the reviewed year, there was a balance within the range of Rs. 10 Million to Rs. 15 Million in fund account during consecutive 04 months period and actions have not been taken for the affective financing of excess amounts.

3.3 Performance

Below observations are done.

a) During the reviewed year 431 applications have been submitted for Patent Registration and by the 30th April 2023, only 05 license out of the above have been issued.

b) During the reviewed year, 9465 applications have been submitted for the Trademark Registration and only 531, viz. 5.6% of the applications have been subjected to primary and substantive examinations.

c) Out of the total Trademark registrations no. 3640 that were done in the reviewed year related to the previous year, 555 registrations were from the applications received in year 2011. In terms of the sections 118(1) and (2) of the Act, the license is valid for 10 years from the date of application and thence the license was not valid at the time of Trademark registration.

d) A project study has been done within 04 years from year 2019 to 31st December 2022 to enter into the Hague International Convention, as well it has been identified that it should do a feasibility study on the benefits from the convention to Sri Lanka. However actions have taken accordingly.

e) Out of the fund's total revenue of Rs 239, 586,090, Rs 161,614,335 i.e. 67 per cent consisted of investment interest income.

3.4 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 2019 has been tabled in the parliament as at 30th April 2023.

3.5 Remarks

Below observations are done.

(a) An expenditure of Rs. 22,298,751 has been done for the construction of an Intellectual Property Sales Centre without transferring the ownership of the land. The relevant land has been acquired by the Urban Development Authority. The amount spent for the construction of the building has not been settled even in the reviewed year.

(b) The excess VAT payment of Rs. 273,083 done in year 2019 has not been charged during the reviewed year.

(c) Registration of the applications of Geographical Indications has not been initiated during the reviewed year as the regulations for the registration of Geographical Indications have not been approved.

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 2022

Budget 2022 Rs.		Note	Actual 2022 Rs.	Restated 2021 Rs.	
-	**Revenue Receipts**		-	-	
-	Income Tax	1	-	-	ACA-I
-	Taxes on Domestic Goods & Services	2	-	-	ACA-I
-	Taxes on International Trade	3	-	-	ACA-I
-	Non Tax Revenue & Others	4	-	-	ACA-I
-	**Total Revenue Receipts (A)**		-	-	
-	**Non Revenue Receipts**		-	-	
47,645,000	Treasury Imprests		46,540,000	42,940,000	ACA-3
-	Deposits		77,846	22,475	ACA-4
-	Advance Accounts		4,951,624	5,246,604	ACA-5
-	Other Main Ledger Receipts		-	-	
47,645,000	**Total Non Revenue Receipts (B)**		51,569,470	48,209,079	
	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)		51,569,470	48,209,079	
	Remittance to the Treasury (D)		888	4,775	
-	**Net Revenue Receipts & Non Revenue Receipts E = (C)-(D)**		51,568,582	48,204,304	
	Less: Expenditure				
-	**Recurrent Expenditure**				
47,500,000	Wages, Salaries & Other Employment Benefits	5	46,245,955	44,401,355	ACA-2(ii)
-	Other Goods & Services	6	-	-	ACA-2(ii)
500,000	Subsidies, Grants and Transfers	7	404,900	407,787	ACA-2(ii)
-	Interest Payments	8	-	-	ACA-2(ii)
-	Other Recurrent Expenditure	9	-	-	ACA-2(ii)
48,000,000	**Total Recurrent Expenditure (F)**		46,650,855	44,809,142	
	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		77,846	22,475	ACA-4
-	Advance Payments		5,028,701	5,363,000	ACA-5
-	Other Main Ledger Payments		-	-	
-	**Total Main Ledger Expenditure (H)**		5,106,546	5,385,475	
-	**Total Expenditure I = (F+G+H)**		51,757,402	50,194,617	
-	**Balance as at 31st December J = (E-I)**		(188,820)	(1,990,313)	
-	**Balance as per the Imprest Reconciliation Statement**		(188,820)	(1,990,313)	ACA-7
-	**Imprest Balance as at 31st December**		-	-	ACA-3
			-	-	

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3.(B) 2. Statement of Financial Position- Head 299

ACA-P

Statement of Financial Position
As at 31st December 2022

	Note	Actual 2022 Rs	2021 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	4,281,267	4,281,267
Financial Assets			
Advance Accounts	ACA-5/5(a)	9,042,148	8,965,071
Cash & Cash Equivalents	ACA-3	-	-
Total Assets		**13,323,415**	**13,246,338**
Net Assets / Equity			
Net Worth to Treasury		9,042,148	8,965,071
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	-	-
Total Liabilities		**13,323,415**	**13,246,338**

Detail Accounting Statements in ACA format Nos. 2 to 7 presented in pages from 6 to 29 and Notes to accounts presented in pages from 30 to 36 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	Accounting Officer	Accountant
Name :A.M.P.M.B.Athapatthu	Name :Geethanjali R.Ranawaka	Name :R.P.S.Rajapaksha
Designation :Secretary, Trade,Commerce and Food Security	Designation :Director General of Intellectual Property	Designation :Accountant
Date :27.02.2023	Date : 22.02.2023	Date :22.02.2023

A. M. P. M. B. Atapattu
Secretary
Ministry of Trade, Commerce and Food Security

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

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

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3.(B) 3. Statement of Cash Flows- Head 299

ACA-C

Statement of Cash Flows
for the Period ended 31st December 2022

	Actual 2022 Rs.	Restated 2021 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	2,608,066	2,521,351
Imprest Received	46,540,000	42,940,000
Recoveries from Advance	5,299,791	4,785,936
Deposit Received	77,846	22,475
Total Cash generated from Operations (A)	**54,525,703**	**50,269,762**
Less - Cash disbursed for:		
Personal Emoluments & Operating Payments	46,117,455	44,374,635
Subsidies & Transfer Payments	404,900	407,787
Expenditure incurred on behalf of Other Heads	2,896,028	97,090
Imprest Settlement to Treasury	888	4,775
Advance Payments	5,028,585	5,363,000
Deposit Payments	77,846	22,475
Total Cash disbursed for Operations (B)	**54,525,703**	**50,269,762**
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 2022.

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 2022.

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

Relevant adjustments have been made to the comparative figures for the year 2021 in line with the changes made in the financial statements for the year 2022.

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3. (B) 5. AUDIT REPORT – HEAD 299

ENGLISH TRANSLATION

Letter No. TAS/A/IPO/SS/22/32

Director General

National Intellectual Property Office of Sri Lanka

The Summarized Report of the Auditor General on the Financial Statements of the Intellectual Property Office – Head 299 for the year ended 31 December 2022 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018

---

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Intellectual Property Office Head 299 of Sri Lanka for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022, 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 these 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 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 2022 and its financial performance and cash flows for the year then ended in accordance with the generally accepted Accounting Principles.

1.2 Basis for the Qualified 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 Responsibilities* section of this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally accepted Accounting Principles in pursuance of 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 given by me with respect to the financial statements of the preceding year have been completed with.

2 Operational Review

2.1 Annual Performance Report

3643 no's of registration have been completed during the reviewed year and the registrations have not been categorized according to the received year of applications. Therefore it has not been shown by the performance report that the registration of the applications is not being done during the year of receiving them.

2.2 Weaknesses of Management

A memorandum of understanding has been signed on 31st of December 2016 for the purchase of a server from Sri Lanka Information and Communication Technology Agency and the agreed amount of Rs. 32.5 Million included the payment of Rs. 7.5 Million for the terms of service have been paid on the same day. Yet the agreement has been breached by ICTA. As per the Cabinet Memorandum No. CP/20/0139/215/009 dated 20.02.2020 actions have been made to enter into an agreement again and have not acted accordingly. Thereafter according to the discussions held in December, they have agreed to give a cloud server (LGS) System with software. However it was not compatible with the remaining system and ICTA has informed at the discussion held on the 27th of March 2023 that it is applicable to enter into another compatible alternative.

3 Progress of Accomplishing Sustainable Development Goals

In order to measure the progress of achieving the identified goals, a base year and the situation in that year should be identified as base data, but without doing so, the percentage levels of the progress achieved in the reviewed year as 0 percent, 65 percent and 75 percent are given in the annual performance report, but the accuracy of those progress values could not be confirmed.

4 Good Governance

4.1 Internal Audit

Approved post of Internal Auditor remained vacant from a period of 04 years and an officer has been appointed on the basis of covering up of duty from 17.10.2022.

5 Human Resource Management

Below observations are done.

a) 9 posts out of the approved 10 posts of Patent Examiner remained vacant for more than 06 years and Development Officers were appointed for the posts. Yet it was not fruitful for various reasons.

b) While 21 Intellectual Property Officer Posts were initially approved, 10 of these positions were subsequently designated exclusively for the individuals currently holding those respective posts. Presently, there are 05 vacant positions. This situation has led to a decline in the overall performance of the Trademark Section.

B.G.I. Niranja
Senior Assistant Auditor General
For Auditor General

3. (B) 6. Performance of the utilization of allocations - Head 299

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

Type of Allocation	Allocation		Actual Expenditure	Allocation utilization as a % of Final Allocation
	Original	Final		
Recurrent	48,000	48,000	46,651	97.19%
Capital	0	0	0	0

3. (B) 7. Performance of the Donations and other Grants – Head 299

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

Ministry/Dept. - grant allocations	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	-	-	-	-
9153	Lands	-	-	-	-
9154	Intangible Assets	-	-	-	-
9155	Biological Assets	-	-	-	-
9160	Work in Progress	-	-	-	-
9180	Leased Assets	-	-	-	-

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	10073	9466	94%	√		
	Number of Examinations	10073	6414	64%			√
	Publication in the Government Gazette	9795	5788	59%			√
	Number of Registrations	7450	3643	49%			√
Patents	Applications Received	575	431	75%		√	
	Number of Examinations	960	1211	126%	√		
	Publication in the Government Gazette	200	246	123%	√		
	Grant of Patents	200	189	95%	√		
Industrial Designs	Applications Received	250	159	64%			√
	Number of Examinations	250	151	60%			√
	Publication in the Government Gazette	150	176	117%	√		
	Number of Registrations	150	96	64%			√

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

Table - 17: Sustainable Development Goals

Goals/ Objectives	Targets	Indicators of the Achievement	Progress of the Achievement To date		
			0-49 %	50-74 %	75-100 %
1.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.			100% Two applications have been filed during the year and both of them were subjected to formality examination
2.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.	0%		
3.Publish an advertisement on NIPO Web site that the priority will be given to the Trademark 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.	0%		

4.Prioritize the Trademark applications for the businesses related to the Patent applications on vaccine and Human Immunity	To identify and prioritize 80% of the Trademark 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.
5.Accession to the Madrid Protocol which facilitates the International Registration of Trademarks.	To do the required amnedments to the Trademark chapter of the Intellectual Property Act for the accession to the Madrid Protocol.	Accomplishment of relevant activities for the amendment of the Act.		**65%**	
6. Modernization of Industrial Property Automation System.	Installation of Cloud Server Facility to the Intellectual Property Office.	Enter into an agreement with ICTA.			**75%**
		Implementation of e-nipo project	0%		

6 HUMAN RESOURCES PROFILE

6.1 Cadre Management

18 : Details of the Staff as at 31st Decembet 2022

Designation	Service	Approved Cadre	Existing Cadre	Vacancies
Senior Level		15	10	5
Director General	Departmental	1	1	-
Additional Director General	Departmental	1	0	1
Director	Departmental	2	2	-
Deputy Director/ Assistant Director (Legal)	Departmental	3	3	-
Deputy Director /Assistant Director (Information and Inquiry)	Departmental	3	2	1
Deputy Director /Assistant Director (Administration)	Sri Lanka Administrative Service	1	0	1
Assistant Director (Planning)	Sri Lanka Planning Service	1	1	-
Assistant Director (Information and Communication Technology)	Sri Lanka Information and Comminucation Technology Service	1	0	1
Accountant	Sri Lanka Accountant Service	1	1	-
Internal Auditor	Sri Lanka Accountant Service	1	0	1
Tertiary Level		5	3	2
Administrative Officer	Management Officer Service	1	1	-
Translator	Government Translator Service	3	1	2
Information and Communication Technology Officer	Sri Lanka Information and Comminucation Technology Service	1	1	-
Secondary Level		61	44	18
intellectual property officer	Departmental	5	5	-
Patent Examiner	Departmental	10	0	10
Information and Communication Technology Assistant	Sri Lanka Information and Comminucation Technology Service	1	0	1
Development Officer	Development Officer Service	30	27	4
Management Officer	Management Officer Service	15	12	3
Total – Primary Level		15	10	5
Driver	Driver Service	5	3	2
Office Assistant Service	Office Assistant Service	10	7	3
Total		96	67	30

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, 30 vacancies existed during the year 2022.

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. Therefore a backlog of work from past years are need to be continued annually. It has been identified as a key obstacle on overall performance of the organization.

Due to the retirement of three intellectual property officers and the promotion of an intellectual property officer to an Assistnat director, the posts were revoked and as a result of no officers were assigned for the posts again. As well as, two development officers in the division were transferred and migrated and the posts vacated were not filled again. Therefore the Trademark division has caused some setback concerning the fac that the decrease of the number of officers in the division. To avoid this situation, a request has been made to the Department of Management Services to remove the post of intellectual property officer from being personal to the post holder and approve 21 permanent posts. Furthermore, during this year, steps have been taken to carry out the basic activities required to recruit for the 10 Patent examiner officer positions that have been approved.

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 (Rs)		Nature of the Programme	Output/Knowledge Gained
				Local	Foreign		
1	Two days workshop on the leaves entitled to an officer and the role and responsibility of the clerk who does the leave subject	2	2022.08.24 -25	15,000/-	_	Local	Giving an understanding to the officers on official works, subject knowledge, attitudes, responsibility and accountability of public servants and all other tasks in government service. * Assisting to make disciplined officers suitable for the government service.
2	Course for the release of the officers of management service from the efficiency bar examination.	3	2022.09.05/ 18	_	_	Local	
3	Advanced MS Excel Proficiency (Online)	6	2022.09.08-09 2022.12.01-02	78,000/-	_	Local	
4	150 Hours course for the completion of Tamil Language Proficiency	15	Held as covering 150 hours on weekends from 27 08. 2022.	18,750/-	_	Local	
5	Professional Development of Development Officers and Management Assistant Service	9	2022.12.01-02	67,500/-	_	Local	
6	Workshop on Establishment Code and Financial Regulations	7	2022.11.28-29	63,000/-	_	Local	
7	One day workshop for the building of effectivity through the officers who	All officers	2022.12.23	100,000/ -	_	Local	

	motivated and inspired.						
8	USCO WIPO International Copyright Institute (ICI) 2022 Programme (USA from September 26th to 30th, 2022)	1	2022.09.2 6-30	_	_	Local	
9	Strategic Dialogue to enable SMEs to Better Use the IP System, on Sep. 5 & 6, 2022, in Singapore	1	2022.09.0 5-06	_	_	Forei gn	
10	WIPO-44th Session of the Intergovernmental Committee on Intellectual Property and Genetic Resources (IGC), in Geneva from 12th to 16th September 2022	1	2022.09.1 2-16	_	_	Forei gn	
11	"63rd WIPO Assembiles 2022- Financial of Delegates of PCT Union Assembly Geneva	1	2022.07.1 4-22	_	_	Forei gn	
12	Sri Lanka Technology Transfer: Value Sharing Through Licensing Session 6: Negotiation Workshop September 26-28, 2022	1	2022.26- 28	_	_	Forei gn	

6.4 The Contribution of the Training Programmes to the Performance of the Institution

- **Local Training**

Training opportunities have been offered to 24 officers of the staff on the subjects such as Professional Development and Establishment Code and Financial Regulations, Computer Literecy by external institutions in year 2022 for the upliftment of the performance of officers in the Department. 15 Development officers have been offered with the course for the completion of Tamil Language Proficiency held by the Department of Official Languages.

Special one day workshop has been held for the whole staff of the institution for the building of high productivity through the motivated and inspired staff which was headed by Mrs. D.M.S.Darshani Kumari, Productivity Promotion Officer at the National Productivity Secretariat. This programmes was decided to conduct in coming year as a continued workshop.

- **Foreign Training**

With the aim of developing the subject knowledge and technical knowledge of the intellectual property of the staff officers, 4 officers could participate in 5 foreign training/workshops/sessions during this year.

An additional secretary dealing with intellectual property of the ministry was also directed to participate in foreign training.

7. Compliance Report

7.1 Compliance REPORT 2022 – 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.	Complied	-	-
2.7	The Inventory Register has been maintained and updated.	Complied	-	-
2.8	The Stocks Register has been maintained and updated.	Complied	-	-
2.9	The Register of Losses has been maintained and updated.	Complied	-	-
2.10	The Commitment Register has been maintained and updated.	Complied	-	-
2.11	The Register of Counterfoil Books (GA – N20) has been maintained and updated.	Complied	-	-
3	Delegation of Functions for Financial Control (FR 135)			
3.1	The financial authority has been delegated within the institute.	Complied	-	-
3.2	The delegation of financial authority has been communicated within the Institute.	Complied	-	-
3.3	The authority has been delegated in such manner so as to approve each transaction through two or more officers.	Complied	-	-

3.4	The control has been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package.	Complied	-	-
4	Preparation of Annual Plans			
4.1	The Annual Action Plan has been prepared.	Complied	-	-
4.2	The Annual Procurement Plan has been prepared.	Complied	-	-
4.3	The Budget has been approved for the year under review pursuant to the Finance Act, No. 38 of 1971.	Complied	-	-
4.4	The Annual Internal Audit plan has been prepared.	Not Complied	An Internal Audit Division has not yet been established.	A request has been forwarded by the letter No. 1/2/3(iii) dated 15.07.2020 regarding appointing an Internal Auditor.
4.5	The Annual Estimate has been prepared and submitted to the National Budget Department (NBD) on due date.	Complied	-	-
5	Audit Queries			
5.1	All audit queries have been replied within the time specified by the Auditor General.	Complied	-	-
6	Internal Audit			
6.1	The Internal Audit Plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2).	Not Complied	An Internal Audit Division has not yet been established.	A request has been forwarded by the letter No. 1/2/3(iii) dated 15.07.2020 regarding appointing an Internal Auditor.
6.2	All the internal audit reports have been replied within one month.	Not Complied	-do-	
6.3	The copies of all the internal audit reports have been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act, No. 19 of 2018.	Not Complied	-do-	

6.4	The copies of all internal audit reports have been submitted to the Auditor General in terms of Financial Regulation 134(3).	Not Complied	-do-	
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.	Not Complied	only 02 Committee meetings were held due to transportation difficulties.	
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.	Not Complied	Due to the covid – 19 pandemeic situation, disposal of articles could not be done and a representative from the ministry was also not assigned and sent	
9	Vehicle Management			
9.1	The Daily Running Charts and Monthly Summaries of the pooled vehicles had been prepared and	Complied	-	-

	submitted to the Auditor General on due date.			
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning.		Not Relevant	-
9.3	The vehicle logbooks have been maintained and updated.	Complied	-	-
9.4	Action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident.	Complied	-	-
9.5	As per the instructions mentioned in paragraph 3.1 of Public Administration Circular No. 2016/30 dated 29.12.2016, re-checking of fuel combustion in vehicles.	Complied		-
9.6	After the lease period, full ownership of the leased vehicle log books has been transferred	-	Not Relevant	-
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	Office remained closed as the city located the office was isolated due to the Covid – 19 Pandemic situation.	
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 applicable	-
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 applicable	-

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	-	Plan has been prepared
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 2022 – 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	-	-
1.6	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.	Complied	-	-

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

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.	Not 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.			
9	Vehicle Management			
9.1	The Daily Running Charts and Monthly Summaries of the pooled vehicles had been prepared and submitted to the Auditor General on due date.	Complied	-	-
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning.	-	Not Relevant	-
9.3	The vehicle logbooks have been maintained and updated.	Complied	-	-

9.4	Action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident.	Complied	-	-
9.5	As per the instructions mentioned in paragraph 3.1 of Public Administration Circular No. 2016/30 dated 29.12.2016, re-checking of fuel combustion in vehicles.	Complied		
9.6	After the lease period, full ownership of the leased vehicle log books has been transferred	-	Not Relevant	-
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 mont	Complied	-	-
11	Utilization of Provisions			
11.1	The provisions allocated had been spent without exceeding the limit.	Complied	-	-
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1).	Complied	-	-
12	Advances to Public Officers Account			
12.1	The limits had been complied with.	-	Not Relevant	-
12.2	A time analysis had been carried out on the loans in arrears.	-	Not Relevant	-
12.3	The loan balances in arrears for over one year had been settled.	-	Not Relevant	-
13	General Deposit Account			

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

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	-	-

8. Special Events in the Year 2022

Beginning of the year 2022

Participation in an awareness workshop for officers of Intellectual Property Office on June 08, 2022 with the resources of Environmentalist, Ms. Kanchana Weerakoon on "Environmental Friendly Lifestyle".

On the occasion of Vesak, the officials of the Intellectual Property Office organized an ice cream Dansala for service beneficiaries.

NIPO excelled in the Annual Report awards competition held in 2022 by winning the first place gold award under the department category for the Annual Report 2020.

Participation of Director General of Intellectual Property representing Sri Lanka in the session held in Nepal on Value Sharing for Technology Transfer.