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சுவாமி விபுலானந்த அழகியற் கற்கைகள் நிறுவகம்,
கிழக்குப் பல்கலைக் கழகம், இலங்கை

**SWAMI VIPULANANDA INSTITUTE OF AESTHETIC STUDIES,
EASTERN UNIVERSITY, SRI LANKA**



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வருடாந்த அறிக்கை - 2015
Annual Report

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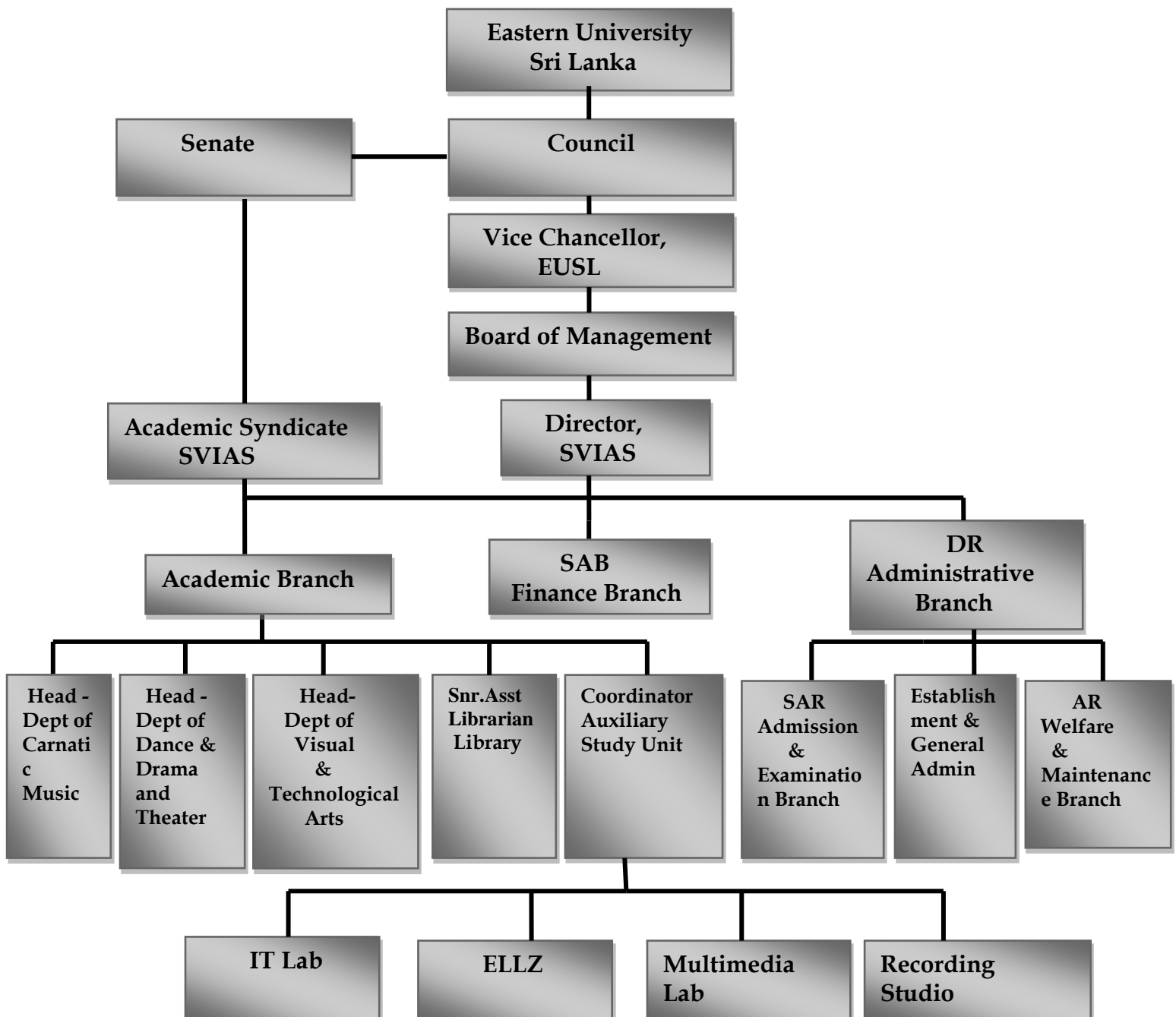
VISION

To be a
Leader in
Demand driven
Aesthetic
Disciplines

MISSION

To preserve and
Enrich the cultural
Heritage of Sri Lanka,
While producing gainfully
Employable graduates and diplomats
In their chosen fields
Of aesthetic studies
By providing opportunities
For gaining knowledge
And performing skills

Organization Chart



Members of the Board of Management

Chairman:	Dr. K Kobindaraja	Vice Chancellor, EUSL Up to March' 2015
	Prof. Uma Coomarasamy	Competent Authority in lieu of Vice - Chancellor, EUSL - From April' 2015 to December' 2015
Director:	Dr.K Premakumar	Director/SVIAS -up to April ' 2015
	Prof. A Murugathas	Actg. Director/SVIAS - May' 2015 to December' 2015
	Dr.S Jeyasankar	Director/SVIAS - from 14.12.2015
Dean:	Dr. K. Rajendram	Faculty of Arts & Culture, EUSL
UGC Nominee:	Dr. S. Sivakumaran	
	Rev. Fr. Joseph Mary	
	Srimat Swami Sarvarupanandaji Maharaj	
Council Nominee :	Retd. Prof. S. Maunaguru	
	Dr. N. Thamilvannan	
Senate Nominee:	Dr.K. E.Karunakaran	
	Mr. P. Satchithananthan	
Syndicate Nominee:	Dr. M. Balakailasanathasarma	
	Dr. (Mrs.) M. Sitralega	
Representative of Treasury: Mr. R. Neduncheliyan		
Deputy Registrar (Secretary): Mr.T.Vijeyakumar		

Annual Report - 2015

03. Director's Review:

3.1 Introduction

Swami Vipulananda Institute of Aesthetic Studies (SVIAS), Eastern University, Sri Lanka was functioning with following Departments of Study.

- ❖ Department of Carnatic Music
- ❖ Department of Dance, Drama & Theatre Arts
- ❖ Department of Visual and Technological Arts.

Mrs. Balambigai Rajeswaran, MA (Music), M.Phil (India) was appointed by the University Grants Commission as the first Director of Swami Vipulananda Institute of Aesthetic Studies, Eastern University, Sri Lanka w.e.f. 14th March 2005. Dr. K. Premakumar was appointed as the second of the Director, Swami Vipulananda Institute of Aesthetic Studies, Eastern University, Sri Lanka w.e.f. 14th April 2012. Prof. (Mrs.) A. Murugathas functioned as Acting Director for a period of eight months from 29th April 2015 from 13th December 2015. Presently Dr. S. Jeyasankar has been functioning as the Director of the Institute w.e.f. 14th December 2015.

3.2 Subject Taught :

- ❖ Carnatic Music
- ❖ Dance (Bharatha Nattiyam)
- ❖ Drama & Theatre
- ❖ Visual and Technological Arts

3.3 Statutory Boards :

Academic Syndicate : Handles all activities of academic matters.

Board of Management : Handles and approves all administrative, Academic and Financial matters.

Council/ EUSL : Board of Management minutes forwarded to the Council for its decision.

3.4 Achievements :

3.4.1 Promotion of Reconciliation among Communities Through Cultural Programmes

Our students always took part in organizing Welcome Dances and other cultural programmes in the high level functions organized in Batticaloa, Kachcheri, District Court, Banks, BT/ Teaching Hospital, Education Office, Divisional Secretariat and other Institutions.

3.4.2 Preservation and Promotion of Cultural heritage

Swami Vipulananda Institute of Aesthetic Studies (SVIAS), Eastern University, Sri Lanka has earned reputation over the past twenty five years for playing pivotal in preserving and promoting Rich Cultural Heritage of the Region and the Nation. It organized various cultural programmes in folk & traditional Arts culture, Koothu, Drama towards this goal.

3.4.3 Exhibition

Visual & Technological Arts/ SVIAS organized an exhibition for Colour and Design on 16th to 18th September, 2015.

3.5 Workshops Conducted :

No.	Date conducted	Title of the workshop
01.	22/ 23.01.2015	Workshop on Public Sector finance Management for the financial & Non-financial Professionals in Higher Education Institutes – Ministry of Higher Education.
02.	11, 18, 25.03.2015, 01.04.2015	Workshop on Self-awareness – Prama Kumarikal Rajayoga Nilayam, Batticaloa.
03.	28.02.2015	Workshop on How to compose and Transpose notations (Hindustani to Carnatic and vise versa) – Institute of Human Excellence
04.	27.02.2015	Workshop on Ragging at Universities – Human Right Commission

05.	20.03.2015	Workshop on SER Writers – HETC/ EUSL
06.	16.05.2015- 17.05.2015	Jaffna Music Festival Workshop - Seva Lanka Foundation, Kalutara
07.	28.05.2015	Dance Workshop – Ms. Malini Pararajasingam, Eminent Dancer, Canada
08.	27/28.06.2015	Dance Workshop – Chitrasena – Vajira Dance Foundation
09.	08.07.2015	Workshop for Students – EHED, Batticaloa
10.	16.07.2015	Counselling Workshop – Dr. T. Gadampathan
11.	28.08.2015	Workshop on Strategic Planning – SDC/ EUSL
12.	13 - 16.11.2015	Concert Norway sponsored University Music Workshop – University of Peradeniya
13.	08.12.2015	Workshop to Finalize the Management Guide and University Calendar – SDC/ EUSL.

3.6 Music & Dance Programme:

No.	Date conducted	Particulars of the music programme
01.	25/26.02.2015	Sri ThyagarajaAradhana Festival of Carnatic Music and Dance – Indian Cultural Centre
02.	19.09.2015	Welcome Dance – EHED, Batticaloa
03.	04/05.10.2015	Dance, Drama Festival – University of Jaffna
04.	18.10.2015	Dance Programme – Sakthi Television

3.7 Infrastructure Facilities

The Female hostel “Sarasavi Medura” was declared open on 09.02.2015.

04. Details of Passed out students

Department	Course	Medium	2013		2014		2015	
			Intake	Passed out	Intake	Passed out	Intake	Passed out
Music	Bachelor of Fine Arts in Music	Tamil	25	19	38	30	61	27
Dance and Drama & Theatre Arts	Bachelor of Fine Arts in Dance		25	22	29	31	31	22
	Bachelor of Fine Arts in Drama & Theatre Arts		50	46	39	39	35	30
Visual Arts	Bachelor of Fine Arts in Visual Arts		43	33	46	45	45	33
Total			143	120	152	145	172	112

Annual allocation of intake for the courses of study – Music : 80, Dance: 50, Drama & Thetre : 50 and Visual Arts : 50

5. Details of Academic Staff

Department	Course	Medium	Senior Prof.	Professor	Senior Lecturer	Lecturer (Prob.)	Temporary Lecturer	Asst. Librarian	Instructors
Music	Bachelor of Fine Arts in Music	Tamil	-	-	02	03	11	-	03
Dance and Drama & Theatre Arts	Bachelor of Fine Arts in Dance		-	-	03	02	02		-
	Bachelor of Fine Arts in Drama & Theatre Arts		-	-	03	03	05		-
Visual & Technological Arts	Bachelor of Fine Arts in Visual Arts		-	-	-	02	07		
Library			-	-	-	-	-	01	-
Computer Unit			-	-	-	-	-	-	01
	Total		-	-	08	10	25	01	04

The Staff /Student ratio in the Departments of Music, Dance & Drama and Theatre and Visual & Technological Arts are poor and therefore more cadres be created.

6. Details of Administrative staff

Department	Executive Staff
Establishments & General Administration	01
Examination & Student Admissions	01
Students Welfare	01
Finance Branch	01
Total	04

Considering the increased numbers of student intake and the expanded operations of the Institute, more executive cadres be created.

7. Details of Non-Academic Staff

Department	Technical Staff	Clerical and allied Staff	Minor Employees
Music	-	-	01
Dance and Drama Theatre Arts	-	-	02
Visual & Technological Arts	-	-	02
Library	-	02	02
Finance	-	04	01
Administration	02	08	19
Total	02	14	27

* 19 Nos. of Labourers and 02 Nos. of Drivers were appointed with effect from 24.10.2014 as per the Commission Circular No. 25/2014.

08. Details of Research, Innovation and Publications

Subject	Published	Presented
a. No. of Researches	61	25
b. No. of Innovations	-	02
c. No. of Journals	-	-
d. No. of Books	-	13
e. No. of Articles	-	03
f. Other (Book cover design)	-	-
Total	61	43

All the Academic staff members have been engaging in research work in their chosen area of study.

09. Details of Programme, Seminars & Workshop

Subject	Attended	Completed	Presented
a. No of Postgraduate Degree Programme	16	07	07
b. No of Diploma Programme	04	02	02
c. No of Certificate Programme	08	08	05
d. Other	-	-	--
Total	28	17	14

16 Numbers of Academics registered for Postgraduate Degree programmes. Out of them 07 Numbers completed the programme and made presentation.

10. Details of Awards Received

Subject	No of Award	No of Academics	No of Students
a. Local Awards	21	01	20
b. National Awards	23	-	23
c. International Awards	07	07	-
d. Other	-	-	-
Total	51	08	43

08 Academic staff and 43 students obtained awards in their field of study.

11. Details of Recurrent Expenditure

Subject	2014Rs.	2015Rs.
a. Personal Emoluments	56,174,575.33	88,530,821.74
b. Travelling	213,288.50	146,776.36
c. Supplies	3,301,597.44	3,862,024.68
d. Maintenance	1,981,610.31	2,070,515.72
e. Contractual Services	15,804,870.02	24,446,631.21
f. Other	6,321,910.80	8,615,336.29
Total	83,797,852.40	127,672,106.00

Expenditure on Personal emoluments increased due to the revision of salary and contractual services increased due to the increase of student intake and Outsourcing of Security Services.

12. Details of Capital Expenditure

Subject	2014Rs.	2015Rs.
a. Acquisition of Furniture & Office Equipments	12,879,055.95	23,297,515.00
b. Acquisition of Machineries	-	18,685,397.49
c. Acquisition of Building & Structures	9,631,994.42	21,845,231.84
d. Other	17,200.00	749,957.45
Total	22,528,250.37	64,578,101.78

The expenditure on furniture office equipments and acquisition of Buildings and Structures were increased, in order to accommodate increased numbers of students.

13. Details of Projects (Local/ Foreign Funded)

Name & Details	Loan/ Grant	Funding Agency#	TCE Rs.	RFA Rs.	DF Rs.
HETC Project	Grant	World Bank	15 Million		
Total	-	-	15 Million		

15 million rupees was awarded through HETC – World Bank project for the improvement of IT Skill, English skill, Soft skill and Social Cohesion.

14. Details of Project Expenditure (Local/ Foreign Funded)

Name	TCE Rs.	Exp in 2013Rs.	Exp in 2014Rs.	Cumulative Exp as at 31.12.2015	% of Physical Progress
HETC Project	15MR	462,986.00	2,885,929.20	6,443,056.43	71.59 %
-					
-					
-					
Total		462,986.00	2,885,929.20	6,443,056.43	71.59 %

HETC – Project Funds were utilized at its optimum.

15. Details of Financial Progress (Expenditure)

Subject	Provision in 2015 Rs.	Exp in 2015 Rs.	Savings/ Excess Rs.
a. Recurrent expenditure Project	136,900,000.00	134,411,894.69	2,488,105.31
b. Capital expenditure Project	50,000,000.00	64,578,101.78	(14,578,101.78)
c. Project - Local Funded	-	-	-
d. Project - Foreign Funded	-	-	-
Total	186,900,000.00	198,989,996.47	12,089,996.47

16. Details of Financial Progress (Generated Income)

Source of Revenue	Provision in 2015 Rs.	Collection in 2015 Rs.	Deficit/ Surplus Rs.
a. Undergraduate Studies	1,235,000.00	1,411,924.41	176,924.41
b. Postgraduate Studies	-	-	-
c. Consultancies	-	-	-
d. Other	50,000.00	80,700.00	30,700.00
Total	1,285,000.00	1,492,624.41	207,624.41

Since no Extension Courses are conducted at SVIAS, income is generated only from the registration of Undergraduate Students.

17. Financial Performance Analysis


Subject	Formula	Exp. Student Rs.
a. Recurrent Expenditure per Student (RE)	RE/ No of Student Strength	125,853.83
b. Capital Expenditure per Student (CE)	CE/ No of Student Strength	60,466.39
Total		1,86,320.22

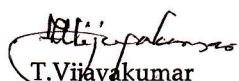
Swami Vipulananda Institute of Aesthetic Studies
Statement of Financial Position
As at 31st December 2015


	Note	2015 Rs.	2014 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	09	133,528,648.70	75,990,581.45
Current Assets			
Inventories		1,402,827.42	1,102,581.59
Loans & Advances	10	7,751,041.60	6,320,768.92
Advance For Suppliers & Contractors	11	550,339.06	7,139,072.13
Cash and cash equivalents	13	61,510,157.32	52,138,986.78
		<u>71,214,365.40</u>	<u>66,701,409.42</u>
Total Assets		<u>204,743,014.10</u>	<u>142,691,990.87</u>
EQUITY & LIABILITIES			
LIABILITIES			
Current Liabilities			
Creditors	14	9,450,613.43	7,936,380.55
Retention Money - Contractors		1,881,648.60	-
Provision for Gratuity		5,031,837.50	-
Mahapola/ Bursary Payable	12	890.00	2,238,940.00
Provision for Audit fee		200,000.00	-
Total Liabilities		<u>16,564,989.53</u>	<u>10,175,320.55</u>
EQUITY			
Accumulated Fund(Capital Grant)/ Reserve			
Accumulated Capital Grand	15	209,550,112.78	159,550,112.78
Other Grant		1,000,000.00	1,000,000.00
Other Funds		1,500,000.00	1,500,000.00
General Reserve		(23,872,088.21)	(29,533,442.47)
		<u>188,178,024.57</u>	<u>132,516,670.31</u>
Total Equity & Liabilities		<u>204,743,014.10</u>	<u>142,691,990.86</u>

The accounting policies and notes on pages 06 to 13 from an integral part of these Financial Statements. These Financial Statements have been prepared and presented in compliances with Sri Lanka Public Sector Accounting Standards (SLPSAS) issued by the Institute of Chartered Accountants of Sri Lanka and in terms of Sections 106 (1) and 107 (1) (b) of the Universities Act No:16 of 1978 and Section 13 (6) of the Finance Act No:38 of 1971.

Signed for and on behalf of the Board of Management.


Dr. S. Jayasankar
Director/Accounting Officer


T. Vijayakumar
Deputy Registrar



M. K. D. Lakmali
Senior Asst. Bursar
Senior Assistant Bursar
Swami Vipulananda Institute
of Aesthetic Studies, EUSL
Kallady, Batticaloa.

D.S. JEYASANKAR
Director
Swami Vipulananda Institute of
Aesthetic Studies, EUSL
Kallady, Batticaloa.


01
T. VIJAYAKUMAR
Deputy Registrar
General Administration & Establishments
Swami Vipulananda
Institute of Aesthetic Studies, EUSL
Kallady, Batticaloa, Sri Lanka

**Swami Vipulananda Institute of Aesthetic Studies
Statement of Financial Performance
For the Year Ended 2015**

	Note	2015 Rs.	2014 Rs.
Operating Revenue			
Recurrent Grant		136,900,000.00	74,000,000.00
Registration Fees (Undergraduates)		718,900.00	1,060,850.50
Examination Fee (Undergraduate)		49,000.00	524,950.00
Interest from Loans & Advance		160,756.41	139,411.55
Hostal fees		243,700.00	708,565.57
Sales of Farm Produce		-	300.00
Fines		22,733.00	70,727.50
Rent from Properties		46,000.00	5,750.00
Medical Fees		101,700.00	156,197.00
Sales of Old Stock		60,135.00	11,910.00
Cost of Living Arrears (COLA)		35,208.12	-
Non Refundable Deposits		80,700.00	144,400.00
Miscellaneous Receipts		9,000.00	64,900.00
		<u>138,427,832.53</u>	<u>76,887,962.12</u>
Operating Expenses			
Personal Emoluments			
Salaries & Wages		25,903,458.98	28,622,722.42
U.P.F		3,833,419.25	3,033,001.57
Pension		2,866,736.29	1,802,413.43
E.T.F		1,347,150.74	967,624.06
Acting Pay		500,239.22	180,692.50
Cost of Living Allowance		8,580,926.18	5,811,537.70
Academic Allowance		8,072,207.01	6,285,210.40
Special Allowance		5,170,172.14	3,989,886.97
Research Allowance		8,185,794.66	342,754.18
Overtime		1,054,838.45	879,493.65
Holiday pay		36,372.00	33,459.00
Other Allowance		14,400.00	14,000.00
Visiting Lecture Fees		1,601,050.00	1,202,350.00
Additional Monthly Allowance		5,160,052.89	2,150,757.35
Interim Allowance		9,320,820.90	414,787.10
Monthly Compensatory Allowance		1,799,269.13	-
Photocopy Allowance		17,850.00	7,875.00
Gratuity		5,066,063.90	436,010.00
Travelling	04	146,776.36	213,288.50
Supplies and Consumable used	05	3,561,778.85	3,444,920.65
Maintenance Expenditure	06	2,070,515.72	2,257,031.86
Contractual Services	07	24,446,631.21	19,308,968.54
Depreciation and amortisation Expenses		7,040,034.52	6,224,959.89
Other Operating Expenses	08	8,615,336.29	6,183,569.25
Total Operating Expenses		<u>134,411,894.69</u>	<u>93,807,314.02</u>
Surplus / (Deficit) from Operating Activities		<u>4,015,937.84</u>	<u>(16,919,351.90)</u>
Balance B/F		(27,888,026.05)	(12,614,090.57)
		<u>4,015,937.84</u>	<u>(16,919,351.90)</u>
Balance C/F		<u>(23,872,088.21)</u>	<u>(29,533,442.47)</u>


Dr. S. Jeyasankar
Director/Accounting Officer

D.S. JEYASANKAR
Director
Swami Vipulananda Institute of
Aesthetic Studies, EUSL
Kallady, Batticaloa


M. K. D. Lakmali
Senior Assistant Bursar

02. Senior Assistant Bursar
Swami Vipulananda Institute
of Aesthetic Studies, EUSL
Kallady, Batticaloa.

Swami Vipulananda Institute of Aesthetic Studies
Statement of Cash Flow
For the Year ended 31st December 2015

	Note	2015 Rs.	2014 Rs.
<u>Cash flows from Operating Activities</u>			
Deficit for the year		4,015,937.84	(16,824,949.20)
<u>Adjustment for the items not involving movement of cash</u>			
Depreciation		7,040,034.52	6,130,557.19
Increase in Provision for Gratuity		5,031,837.50	
Prior Period Items		1,645,416.42	-
Operating Deficit before changes in items of working capital		<u>17,733,226.28</u>	<u>(10,694,392.01)</u>
<u>Changes in Items of Working Capital</u>			
Increase in Loan and Advances		(1,430,272.68)	747,019.73
Decrease in Advances for suppliers and contractors		6,588,733.07	(879,805.28)
Increase in Provision for Audit Fee		200,000.00	
Increase in Retention Money - Contractors		1,881,648.60	(204,852.34)
Increase in Security Deposits - Contractors		-	(252,643.79)
Increase in Stocks in hand		(300,245.83)	143,323.21
Decrease in Mahapola/Bursary Receivable		(2,238,050.00)	1,862,850.00
Increase in Creditors		1,514,232.88	14,631.75
		<u>6,216,046.04</u>	<u>1,430,523.28</u>
Cash Used in Operating Activities		23,949,272.32	(9,263,868.73)
<u>Cash Flows from Investing Activities</u>			
Purchase of Fixed Assets		(64,578,101.78)	(12,879,055.95)
Net Cash Used in Investing Activities			
<u>Cash flow from Financing Activities</u>			
Capital Grant		50,000,000.00	45,000,000.00
Net Cash Generated in Financing Activities		50,000,000.00	45,000,000.00
Net increase in Cash and Cash Equivalents at beginning of the year		9,371,170.54	22,857,075.32
Balance of Cash and Cash Equivalents at beginning of the year		52,138,986.78	29,281,911.46
Balance of Cash and Cash Equivalents at end of the year		<u>61,510,157.32</u>	<u>52,138,986.78</u>
<u>Note</u>			
Cash at Bank		61,510,157.32	
Total		<u>61,510,157.32</u>	

Dr. S. Jeyasankar
Accounting Officer

DR. S. JEYASANKAR
Director
Swami Vipulananda Institute of
Aesthetic Studies, EUSL
Kallady, Batticaloa.

03.



M. K. D. Lakmali
Senior Assistant Bursar

Senior Assistant Bursar
Swami Vipulananda Institute
of Aesthetic Studies, EUSL
Kallady, Batticaloa.

SWAMI VIPULANANDA INSTITUTE OF AESTHETIC STUDIES
STATEMENT OF CHANGES IN NET ASSETS

For the ended 31st December 2015

	Accumulated Fund Rs.	General Reserve Rs.	Total Rs.
Balance at 31st December 2013	106,708,799.72	(12,614,090.57)	94,094,709.15
Capital Grant	45,000,000.00		45,000,000.00
Surplus/(deficit) for the period	-	(16,919,351.90)	(16,919,351.90)
Balance at 31st December 2014	151,708,799.72	(29,533,442.47)	122,175,357.25
Capital Grant	50,000,000.00	-	50,000,000.00
EUSL - Prior Year adjustment		1,645,416.42	
Surplus/(deficit) for the period	-	4,015,937.84	4,015,937.84
Balance at 31st December 2015	<u>201,708,799.72</u>	<u>(23,872,088.21)</u>	<u>177,836,711.51</u>

AUDIT COMMITTEE REPORT -2015

The Audit Committee is one of the Sub Committee of the Board of Management of Swamy Vipulananda Institute of Aesthetic Studies, Eastern University, Sri Lanka. The five-member Committee meets quarterly in every year and discusses the Institute financial, administrative, human assets and operations in trust for future generations. Its membership, terms of office, responsibilities, powers and electoral procedures are governed by the Treasury of Sri Lanka through University Grants Commission and Board of Management of the Institute.

1. Term of reference for the Audit Committee:

- i. Determination of the responsibilities of the Internal Audit Division and review of the annual audit plans
- ii. Review and evaluate internal control systems for all activities of the Institute
- iii. Preview and recommend the annual Internal Audit Plan and the work programme prepared by the Internal Auditor.
- iv. Review performance at regular intervals for cost effectiveness and to eliminate wasteful expenditure etc.
- v. Liaise with external auditors and follow up on Auditor General's/ external auditors Management Letters.
- vi. Ascertain whether statutes, regulations, rules and circulars are complied with.
- vii. Review financial statements to ensure compliance with Accounting Standards
- viii. Review internal audit/external audit reports, Management Letters for remedial action
- ix. Review implementation of recommendations/directives of the Committee on Public Enterprises
- x. Prepare report on the findings of the Committee for inclusion in the Annual Report

2. Members of the Audit Committee.

Name of the Member	Designation & Qualifications
(a) Appointed Members from the Board	
1. Mr. R. Nedunchelian (Chairman)	Director of Planning, District Planning Secretariat, Batticaloa.
2. Rev. Fr. Joseph Mery	Director, Manresa Retreat House, Batticaloa
3. Rev. Swami Saruvarupanandaji	Vice-President, Ramakrishna Mission, Sri Lanka
(b) Ex-Officio Members	
Mr T Vijayakumar	Deputy Registrar
4. Mr S Thiruvarudchelvan	Acting Asst. Internal Auditor
(c) Observers	
5. Mr S Murugupillai	Group Officer / AG's Dept.
6. Mr M J R Bogamuwa	Internal Auditor, UGC
(d) Invitee	
7. Mr S K Jayawardana	Acting Senior Assistant Bursar

3. MEETINGS

As per the Public Enterprise circular No PED/31, the committee is required to meet at least 4 times in a year. During the year under review, the Committee could met only 3 times. The meeting for the first quarter could not be held due to non-appointment of new Committee Members since the first Board of Management of the Institute for the year under review was met only on 11 June 2015. Details of the meetings are given below;

	Meeting No.	Date of Meeting
1	12 th	21.07.2015
2	13 th	14.10.2015
3	14 th	28.11.2015

4. Activities During The Year:

The recommendations of the Committee were made available to the Board of Management of the Institute for its Approval and necessary action. The Committee carried out the following activities during the year under review.

(a) Internal Audit:

- Recommending & Monitoring the Internal Audit Plan and Programme

The Committee recommended the Internal Audit Plan and the Internal Audit Programme for the year 2015 and monitored its status throughout the year.

- Reviewing and monitoring the Internal Audit functions

The Committee reviewed the Internal Auditor's Reports, Reference Notes and Queries and made necessary directions and recommendations to the administration for rectified the lapses pointed out there in.

(b) Annual Report and Annual accounts:

The Committee monitored the progress on preparation of annual report for the year under review and ensured the timely submission. Further followed up the preparation and presentation of Annual Statements of Accounts of the Institute as well.

(c) External Audit:

The Committee reviewed the audit queries and annual report submitted by the External Auditors on the state of compliance with applicable laws and regulations for the year under review.

(d) Review and Monitoring the Internal Control System:

- Annual Verification & Fixed Assets Register

The Committee continuously reviewed and monitored the progress of timely completing the Annual Board of Survey of the Institute. Further monitored and provided necessary directions to complete the Fixed Assets Software.

- Recovery of Unsettled advances & Loans

Committee had a concern about the recovery process on loan and advances and closely monitored the settlement process during the year under review. Further, the Committee made necessary recommendations to settle the unsettled advances in order to maintain proper internal control.

(e) Corporate Plan and Master Plan

Committee continuously reviewed and monitored the progress of preparation of Corporate Plan and Master Plan in accordance with the standards and timely submission as well.

5. Conclusion:

The Audit Committee satisfied with the active participation of the Committee members and their commitment towards the good governance of the Institute. The Committee felt that the Acting Assistant Internal Auditor functions as the Secretary to the Committee in fulfilling his role. The Committee satisfied with the follow up action taken and the progress achieved regarding the recommendations given by the Committee.

Chairman,

Audit Committee,

**Swamy Vipulanandha Institute of Aesthetic Studies,
Eastern University, Sri Lanka**

Copy to :

- Deputy Secretary to the Treasury, The Secretariat, Lotus Road, Colombo - 01
- Director – Development, Ministry of Higher Education, No.18 Ward Place, Colombo – 07.



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

ENP/BT/C/SVIAS/01/15/05

මගේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

25 January 2017

Director,
Swami Vipulananda Institute of Aesthetic Studies,
Batticaloa.

Report of the Auditor General on the Financial Statements of the Swami Vipulananda Institute of Aesthetic Studies (SVIAS) for the year ended 31 December 2015 in terms of Sub-section 108(1) of the Universities Act, No. 16 of 1978.

The audit of financial statements of the Swami Vipulananda Institute of Aesthetic Studies for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 Sections 107 (5) of the Universities Act, No. 16 of 1978. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of Sub-section 108 (1) of the Universities Act appear in this report. A detailed report in terms of Sub-section 108 (2) of the Universities Act will be submitted in due course.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 - 1810). Those



Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Subsections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basic for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Swami Vipulananda Institute of Aesthetic Studies as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2.1 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) The Ministry of Finance and Planning had donated two vehicles valued at Rs.11,450,000 to the Institute in the year 2012 together with the transfer of ownership. However, the value of these vehicles had not been brought to the accounts.
- (b) The Ministry of Higher Education had constructed and handed over a hostel building for students of the Institute at the value of Rs. 201,300,000 during the year under review. However, the value of this building had not been brought to the accounts.
- (c) Retention money amounting to Rs. 1,793,660 deducted from the payments made to the contractors had not been brought to the accounts. As a result, the total cost of the building as well as liabilities had been understated by similar amount.

2.2.2 Lack of Evidence for Audit

Evidence indicated against the following each item of accounts had not been submitted for audit.

Item	Amount	Evidence not made available
-----	-----	-----
	Rs.	
Land and Buildings	40,983,947	} Register of Fixed Assets and Report of the Board of Survey
Plant and Machineries	21,006,476	
Furniture and Office Equipment	23,297,515	
Welfare Goods	1,767,762	

2.3 Non- compliance with Laws, Rules, Regulations and Management Decisions.

Instances of non-compliance with laws, rules and regulations observed in audit are given below.

Reference to Laws, Rules and Regulations

(a) Establishments Code for the University Grants Commission and Higher Educational Institutions

(i) Section 20.6 of Chapter X

Particulars of no-pay leave obtained by academic and non-academic staff had not been reported monthly to the Auditor General in Form General 96.

(ii) Section 3:1 of Chapter XXVII

The Institute had not taken necessary measures to maintain an Attendance Register in order to record the arrival and departure of academic staff.

(b) Financial Regulations of the Government
of the Democratic Socialist Republic of Sri
Lanka

Financial Regulation 104 _____

Three vehicles belonging to the Institute had met with accidents and repair cost totalling Rs. 1,171,872 had been paid during the year under review. However, action had not been taken to conduct inquiries to ascertain the extent and cause of losses and to fix responsibility.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the activities of the Institute during the year under review had resulted in a surplus of Rs. 4,015,938 as against the deficit of Rs.16,919,352 for the preceding year, thus indicating an improvement of Rs. 20,935,290 in

the financial results. The increase of government grant by Rs. 62,900,000 as compared with the previous year had mainly attributed for this improvement.

3.2 Value Addition of the Institute

Even though the surplus for the year under review was Rs. 4,015,938, the contribution of the Institute to the Country during the year under review was Rs. 101,299,224. The contribution of the Institute to the Country during the year under review and in the previous four years is as follows.

	2015	2014	2013	2012	2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Surplus/(deficit)	4,016	(16,919)	(2,387)	3,574	(1,935)
Add:					
▪ Personnel Emoluments	88,531	56,175	42,918	32,873	28,770
▪ Taxes Paid to the Government					
Value Added Taxes (VAT)	1,712	1,017	1,497	-	-
▪ Depreciation	7,040	6,225	4,254	3,783	2,545
Total Contribution	97,283	63,416	48,668	36,656	31,315
Value Addition	101,299	46,497	46,282	40,230	29,380

4. Operating Review

4.1 Performance

The academic performance of the Institute during the year under review is as follows.

(a) Degree Courses

The number of students enrolled for each Department during last three years is shown below.

Department	Number of Students Enrolled		
	2015	2014	2013
Carnatic Music	79	68	67
Dance	49	46	39
Drama and Theatre	33	25	31
Visual and Technology Arts	44	46	45
Total	205	185	182

The following observation is made in this connection.

Enrolment of students to the Department of Carnatic Music, Department of Dance and Department of Drama and Theatre during the year under review as compared with the year 2013 had increased by 18 per cent, 26 per cent and 6 per cent respectively whereas, enrolment of students to the Department of Visual and Technology Arts during the year under review as compared with the year 2013 had decreased by 2 per cent

(b) Results of Examinations

Details of final examinations held and number of students passed the examination during the year under review as compared with the preceding year are shown below.

Details	Department of Carnatic Music		Department of Dance		Department of Drama and Theatre		Department of Visual and Technological Arts	
	2015	2014	2015	2014	2015	2014	2015	2014
Number of students sat for final examinations during the year under review	60	36	30	30	35	42	45	46
Number of students passed the examinations	48	36	30	30	35	42	43	46
Number of students passed the examinations, as a percentage of total number of students sat for the examinations (%)	80	100	100	100	100	100	96	100

The following observation is made in this regard.

Out of 60 and 45 students of the Department of Carnatic Music and the Department of Visual and Technological Arts respectively who sat for final examination, 12 and 02 students had failed the examination which represents 20 and 04 per cent of the total number of students sat for the final examination due to failure in the subjects such as English and Information Technology.

(c) Cost per Student

The total number of students registered at the Institute and the cost per student for the year under review and previous three years are shown below.

	2015	2014	2013	2012
Total Cost (Rs.'000)	134,412	93,807	72,022	54,285
Total Number of Students	1052	1031	997	923
Cost per Student (Rs.'000)	128	91	72	59

The cost per student of the Institute was increased by 29 per cent in the year under review as compared with the preceding year.

4.2 Transactions of Contentious Nature

The Board of Management of the Institute had granted approval to obtain a building on rental basis at the monthly rental of Rs. 50,000 for the period from August 2013 to March 2015 for providing accommodation facilities to the students. However, the Institute had obtained this building without considering the conflict of interest as the owner of this building was one of the member of the Board of Management.

4.3 Management Weaknesses

The following observations are made.

- (i) The Institute had not taken action in terms of Section 23 of Chapter X of the Establishments Code of the University Grants Commission and Higher Educational Institutions, to maintain the leave register so as to record the leave availed by the academic staff.
- (ii) The Project Director of the Re-awakening Project had donated two motor cycles to the Institute on 25 May 2015 together with the transfer of ownership. However, the institute had submitted the transfer form to the Commissioner of Motor Traffic on 21 September 2015 after a delay of 101 days. In this regard, the Institute had to pay a sum of Rs. 20,200 to the Commissioner of Motor Traffic for delay in submitting the applications.
- (iii) According to the Public Administration Circular 09/2009 dated 16 April 2009, a finger scanner should have been used to record the arrival and departure of the officers if the number of officers had exceeded 25. However, the Institute had not used the finger scanner, even though the total number of officers stood at 93.
- (iv) The Institute had computed Value Added Tax amounting to Rs. 108,031 at the rate of 12 per cent on the security payments of Rs. 900,259 for the month of December 2014 and paid during the year under review instead of computing at the rate of 11 per cent. As a result, a sum of Rs. 9,003 had been overpaid to the contractors.

However, the amount overpaid to the contractor had not been recovered even up to 13 October 2016.

- (v) The Company which providing security services to the Institute had requested a sum of Rs. 1,497,568 for security services provided for the months of November 2014 and August 2015. However, the Institute had paid a sum of Rs. 1,531,618 without considering the request made by the relevant Company. In this regard, the Institute had not taken action to recover a sum of Rs. 34,050 overpaid to the contractor.
- (vi) Glass and fitting materials valued at Rs. 385,246 supplied by a supplier in the month of December 2015 for fitting the wall cupboard to the Department of Music, Dance, Drama and Theatre Arts had remained idle up to 13 October 2016 without utilizing for the intended purpose.
- (vii) The physical verification carried out at the stores of the Faculty of Dance on 11 November 2014 revealed a shortage of 38 items of stocks valued at Rs. 920,621. However, the Institute had not taken action against the officers who are responsible for the loss of those items even up to 13 October 2016.
- (viii) Staff loan balances aggregating Rs. 493,454 receivable from 03 officers who were interdicted from the service had remained outstanding for over 04 years. However, action had not been taken to recover those outstanding balances even up to 30 June 2016 from their sureties.
- (ix) Advances aggregating Rs. 14,393 paid to 04 officers had remained for more than 04 years without taking action to recover them from the officers concerned.
- (x) A sum of Rs. 650,156 due from 03 lecturers who had been terminated from the service due to non-completion of postgraduate degrees had remained outstanding without action being taken to recover it from the sureties.

4.4. Payment of Lease for Houses

The Institute had obtained 10 houses located around the institute on a lease basis for the period from 2008 to 2015 in order to provide accommodation facilities to the students of the Institute. The following observations are made in this regard.

- (i) The Institute had entered into agreements with 02 house owners in the year 2008 and 2011 to obtain buildings on a monthly lease of Rs. 20,000 and Rs. 30,000 respectively without obtaining valuation report from the Chief Valuer of the Department of Valuation in terms of Financial Regulation 835.
- (ii) Even though the above mentioned lease agreements had been signed between the Director of the Institute and respective owner of the property, these lease agreements had not been registered in the Registrar of Land Registry in terms of Section 17 of the Ordinance of Documents Registration.

4.5 Academic Activities

The Institute had allocated 690 lecture hours for 07 subjects for the first Semester of final year students of the Department of Carnatic Music during the year under review. However, out of the total allocated hours, only 297 hours had been completed by permanent and visiting lecturers. Accordingly, the relevant students had to sit for the final examination without completing 57 per cent of the total lecture hours and this practice had allowed obtaining the degree certificates without adequate knowledge in the relevant subjects. Details are given below.

Subject	Total Hours Allocated	Total Hours Completed	Lecture Hours Not Completed
Vocal - Forms in Manotharma Music	180	73	107
Veena - Forms in Manotharma Music	180	122	58
Mirudhangam - Forms in Manotharma Music	180	55	125
History of Music and Laya 7	45	18	27
Mirudhangam – Theory -7	45	16	29
Research Methodology	30	07	23
Sanskrit Language to Music Students	30	06	24
	<u>690</u>	<u>297</u>	<u>393</u>

4.6

Underutilization of Funds

The following observations are made.

- (a) Funds totaling Rs. 10.83 million allocated under the capital grant in the year 2013 to carry out 07 capital works had been kept in the bank current account up to 13 October 2016 without utilizing for the relevant purposes.
- (b) Funds amounting to Rs 37.75 million allocated for implementation of projects such as information and communication development project, students centered learning project and strengthening research project had been lying in the bank current account since 2014 without being utilized for the intended purposes.

4.7

Construction of 03 Semi-Permanent Lecture Halls

The Eastern University had awarded a contract for construction of semi-permanent lecture halls at the SVIAS at the contract value of Rs. 10,708,750 in the year 2013 without carrying out proper feasibility studies. However, these lecture halls had been underutilized from the date of construction as the students had refused to use these lecture halls due to lack of ventilation.

4.8

Human Resource Management

The following observations are made.

- (a) The post of store keeper had remained vacant from 02 July 2012. However, store keeper of the Eastern University had performed duties for the above post on acting basis without taking action to appoint a permanent officer for this post.
- (b) The post of Lecturer Probationary and Audio Visual Technical Officer had remained vacant since 01 January 2013. However, action had not been taken to fill these vacancies.
- (c) The Institute had recruited 13 temporary lecturers exceeding the number of approved cadre.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

According to Section 6.5.1 of Public Enterprises Circular No. PED/02 of 02 June 2003, the financial statements for the year under review should have been rendered for audit within 60 days after the end of financial year. However, the financial statements of the Institute for the year under review had been rendered for audit only on 10 June 2016 after a delay of 04 months.

5.2 Procurement Plan

A Master Procurement Plan including activities expected to be fulfilled at least within a period of three years in terms of the Section 4.2.1 (a) and 4.2.3 of the Procurement Guidelines had not been prepared.

5.3 Internal Audit

Even though an Internal Audit Unit should have been established to improve and evaluate the risk management, good governance and control activities by using a regular and subject oriented approach, the Internal Audit Unit had not been established at the Institute since 2005. However, acting allowance of Rs. 143,110 had been paid during the year under review for the Internal Auditor of the Eastern University to look after the duty of vacant post of Internal Auditor at the Institute.

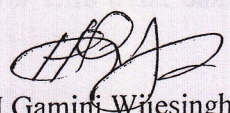
5.4 Conduct of the Annual Boards of Survey

According to the Establishments Circular Letter No. 04/2013 dated 10 April 2013 of the University Grant Commission, the Annual Boards of Survey for the year under review should be conducted and the report thereon should have been furnished to the Auditor General on or before 17 March 2016. However, the Institute had not conducted the Board of Survey even up to 30 June 2016.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Director of the Institute from time to time. Special attention is needed in respect of the following areas of systems and controls.

- (a) Control over Assets : Preparation of Fixed Assets Register and Conduct of Board of Survey.
- (b) Contract Administration: Recovery of liquidated damages, compliance with the conditions of contract agreements.


H.M. Gamini Wijesinghe
Auditor General

**MANAGEMENT RESPONSE TO THE AUDITOR GENERAL'S REPORT ON THE FINANCIAL
STATEMENTS OF THE EASTERN UNIVERSITY, SRI LANKA FOR THE YEAR ENDED 31 DECEMBER
2015 IN TERMS OF SUB-SECTION 108 (1) OF THE UNIVERSITIES ACT, NO. 16 OF 1978**

Audit Paragraph Reference		Observation	Present Status
2.2 Comments on Financial Statements:			
2.2.1 Compliance with the Sri Lanka Public Sector Accounting Standards			
	According to the Sri Lanka Public Sector Accounting Standards No.07, land and buildings should be accounted for separately, even when they are acquired together. However, the value of lands and buildings of the Institute as at 31 December 2015 amounting to Rs.40,983,947 had been shown under land and buildings account without showing the value of land separately.	Admitted The ownership of land and building has not yet been transferred to the Institute. Actions are being taken to transfer the Land and Building. Once we receive the ownership we will make arrangement for valuation. And action will be taken to disclose Land and Building separately in the Financial Statement as per the Sri Lanka Public Sector Accounting Standards No.07.	Valuation of land and Buildings have been obtained and shown separately in the year 2016
2.2.2 Accounting Policy:			
	According to the Accounting Policy of the Institute, no depreciation is charged for the year of addition of assets. However, depreciation amounting to Rs.150,000 had been charged during the year under review on the value of road constructed and completed at the end of the year.	Admitted It will be rectified in the financial statement of 2016.	Rectified in the year 2016.
2:2:3 Accounting Deficiencies			
(a)	The Ministry of Finance and Planning had donated two Vehicles valued at Rs.11, 450,000 to the Institute in the year 2012 along with the transfer of ownership. However, the value of these vehicles had not been brought to the accounts	Admitted. The value of these two vehicles will be taken to books of accounts in year 2016.	Value of vehicles had been taken into the books of Accounts in 2016.

(b)	The Ministry of Higher Education had constructed and handed over a hostel building for students at the value of Rs.182,000,000 to the Institute during the year under review. However, the value of this building had not been brought to the accounts.	Admitted. The value of this hostel building will be taken in to the books of accounts in year 2016.	Value of hostel building had been taken in to the books of accounts in 2016
(c)	Retention money amounting to Rs.1,843,659 deducted from the payments made o the contracts had not been brought to the accounts. As a result, the total cost of the building as well as liabilities had been understated by the similar amount.	Noted. This will be rectified in the financial statements of year 2016	Rectified in the year 2016
(d)	Provision for audit fees and gratuity totaling Rs.5,231,838 made during the year under review had been shown in the cash flow statement as changes in items of working capital instead of showings as items not involving movement of cash.	Noted. Presentation error of the gratuity provision amounting to Rs. 5,031,838 was rectified in the cash flow statement in the year 2015 and Audit fee provision will be corrected in the next financial year.	Provision for Audit fees had been corrected in 2016
2:2:4. Lack of Evidence for Audit			
Land and Building – 40,983,947		Admitted. Software of Fixed Assets Register was installed and staffs were trained by the BDO Partners. The updating work is in process. It will be rectified in the year 2016.	Fixed Assets Register is updated then and there
Plant and Machineries – 21,006,476			
Furniture and Office Equipment – 23,297,515			
Welfare Goods – 1,767,762			
Loan and Advances – 7,751,042		The register for Loan and advance is maintained at the Finance division of the institute.	

2.2.5. Non-compliance with Laws, Rules and Regulations and Management Decisions					
	Reference to Laws, Rules and Regulations		Non-Compliance		
(a)	Establishments Code for the University Grants Commission and Higher Educational Institutions				
(i)	Section 20.6 of Chapter-X	Particulars of no-pay leave obtained by academic and non-academic staffs had not been reported monthly to the Auditor General in Form General: 96	Admitted. Action will be taken to rectify this matter in future.		Rectified
(ii)	Section 3:1 of Chapter-XXVII	The Institute had not taken necessary measures to maintain an Attendance Register in order to record the arrival and departure of academic staff.	Admitted By tradition the academic staff does not record their attendance as in all other Universities.		Arrival of staff are recorded
(iii)	Section 109 of the Universities Act No.16 of 1978	The audited Financial statements and report of the Auditor General thereon for the years 2013 and 2014 had not been published in the Government Gazette even up to 30 June 2016.	Admitted. The audited Financial statements together with the reports of the Auditor General for the year 2013 and 2014 had been published in the Government gazette on 22 nd January 2016.		Published in January 2016.
(b)	Financial Regulations of the Government of the Democratic Socialist Republic of Sri Lanka				
(i)	FR 104	Three vehicles belonging to the Institute had met with accidents and repair cost totaling Rs.1,171,872 had been paid during the year under review. However, action had not been taken to conduct inquiries to ascertain the extent and cause of losses and to fix responsibility.	Admitted, At the time of incident it was reported to the police and later on compensation was claimed from the Insurance Corporation. Action will be taken to appoint an Inquiry committee to inquire into this matter and report.		Appointed Inquiry Committee and they completed inquiry and reported.

3. Financial Review			
3.1 Financial Results			
According to the financial statements presented, the activities of the Institute during the year under review had resulted in a surplus of Rs. 4,015,938 as against corresponding deficit of Rs. 16,919,352 for the preceding year, thus indicating an improvement of Rs.20,935,290 in the financial results. Increase of government grant by Rs.62,900,000 as compared with the previous year had mainly attributed for this improvement		Noted	Noted
4. Operating Review			
4.1. Performance			
(a) Degree Courses			
	The Number of students enrolled for each Department during the last three years	UGC determined the Admission Policy. Based on the allocation given by the UGC the students are registered for each course of study.	UGC admits students accordingly to Admission Policy.
(b) Results of Examinations			
	Details of final examinations held and number of students passed the examination during the year under review as compared with the proceeding years are shown.	Based on the performance of the students at the examination pass rate is determined.	Noted
(c) Cost per Student			
	The cost per student of the Institute was increased by 29 per cent in the year under review as compared with the preceding year.	Noted	Noted

(d) Payment of Research Allowances			
	According to the research proposals submitted and approved by the Research Committee, 09 Lecturers who obtained research allowances aggregating Rs.1,265,229 should complete their research works on or before 31 st December 2015. However, those lecturers had not completed their research work even up to 13 October 2016.	The said Academic Staff members, who obtained Research Allowance in year 2015, have submitted progress of Research in the year 2016 together with their new proposal.	Progress had been shown in 2016
4.2 Transaction in Contentions Nature			
	The Board of Management of the Institute had granted approval to obtain a building on rental basis at the monthly rental of Rs.50,000 for the period from August 2013 to March 2015 for providing accommodation facilities of the students. However, the Institute had obtained this building without considering the conflict of interest as the owner of this building was one of the member of the Board of Management.	Admitted This is the only one student accommodation building found within the close proximity to the Institute having necessary facilities, where more than 60 students were accommodated. Since the building belongs to the Sisters' Home, the agreement was signed by the Paris Priest who is the member of the Board of Management. This will be disclosed in the Financial Report under Related party Transaction.	Disclosed in the Financial report under related party Transaction
4.3. Management Inefficiencies			
(i)	The Institute had not taken action in terms of Section 23 of Chapter – X of the Establishments Code of the University Grants Commission and Higher Educational Institutions, to maintain the leave register so as to record the leave availed by the academic and Non-Academic Staff.	The leave records are maintained at the Institute. The Leave Register was designed in different format, but it provides all necessary information.	Leave details are maintained

(ii)	The Project Director of the Re-awakening Project had donated two motor cycles to the Institute on 25.05.2015 along with the transfer of ownership. However, the institute had submitted the transfer from to the Commissioner of the Motor Traffic on 21 September 2015 after a delay of 101 days. In this regard, the Institute had to pay a sum of Rs.20,020 to the Commissioner of Motor Traffic for delay in submitting the applications.	Admitted. The Revenue Licenses of the Motor bikes were not handed over to the SVIAS when taking over the Motor bikes. Since the Re-awakening project office was closed we were unable to get the details from the respective Officer. Again the Officials of SVIAS proceeded to Motor Traffic Dept, Trincomalee and obtained necessary documents and processed the transfer application.	---
(iii)	According to the Public Administration Circular 09/2009 dated 16 April 2009, a finger scanner should have been used to record the arrival and departure of the officers if the number of officers exceed 25. However, the institute had not used the finger scanner, even though the total number of officers stood at 93	Not Admitted Fingering Scanner is used at SVIAS in recording arrival and departure of Non-Academic staff From time to time defects occurred and action has been taken to repair it and shift it very close to the Security Office.	---
(iv)	The Institute had computed Value Added Tax amounting to Rs.108,031 at the rate of 12 per cent on the Security payments of Rs.900,259 for the month of December 2014 paid during the year under review instead of computing at the rate 11 per cent. As a result, a sum of Rs.9,003 had been overpaid to the contractors. However, the amount overpaid to the contractor had not been recovered even up to 13 October 2016.	Not Admitted Please note that there is no such an over payment of VAT .The applicable VAT rate for month of December 2014 was 12% and the relevant invoice has been issued on 31/12/2014 by the supplier. Accordingly the value of VAT amount has been paid by the institute is in according to the VAT Act.	---

(v)	The Company which providing security services to the Institute had requested a sum of Rs.1, 497,568 for security services provided for the months of November 2014 and August 2015. However, the Institute had paid a sum of Rs. 1,531,618 without considering the request made by the relevant Company, In this regard; the Institute had not taken action to recover a sum of Rs.34, 050 overpaid to the contractor.	Admitted. Since the same supplier is providing the security services to the institute presently, the action will be taken to recover the overpaid amount immediately.	Recovered the overpaid amount
(vi)	Glass and fitting materials valued at Rs. 385,246 supplied by a supplier in the month of December 2015 for fitting the wall cupboard to the Department of Music, Dance, Drama and Theatre Arts had remained idle up to 13 October 2016 without utilizing the intended purpose.	Admitted. Purchase order was placed for glass as well as other fitting materials. Since the specified fitting materials were not available the work was not commenced on time. Now the required materials were obtained and the work is in process.	Glass fitting works have been completed
(vii)	The physical verification carried out at the stores of the Faculty of dance on 11 November 2014 revealed a shortage of 38 items of stock valued at Rs.920, 621. However, the Institute had not taken action against the officers who are responsible for the loss of those items even up to 13 October 2016.	Admitted An Inquiry Committee was formed and inquiry was carried out, they have submitted their recommendation. The recommendation is to be placed to the Board of Management.	On the recommendation of the Inquiry Committee, Board of Management approved to write off the shortage items from the Books of Accounts
(viii)	Staff loan balances aggregating Rs. 493, 454 receivable from 03 officers who were interdicted from the service had remained outstanding for over 04 years. However, action had not been taken to recover those outstanding balances even up to 30 June 2016 from their sureties.	The legal actions against the three offices are in process and not yet finalized. Therefore, action will be taken to recover the outstanding loan balances from the said staff once their legal case is finalized.	Legal cases are in process

(ix)	Advances aggregating Rs.14,393 paid to 04 officers had remained for more than 04 years without taking action to recover them from the officers concerned.	Admitted. This is the opening balance transferred from Eastern University and action will be taken to rectify this balance in the books of accounts in the year 2016.	Rectified in 2016.
(x)	A sum of Rs.650,156 due from 03 lectures who had been terminated from the service due to non-completion of postgraduate degrees had remained outstanding without action being taken to recover it from sureties.	Admitted. This outstanding balance will be recovered from their UPF balances when refunding the UPF. These employees have not applied for their UPF refunds yet.	Actions are being taken to recover dues
4.4. Payment of Lease for Houses			
(i)	The Institute had entered into agreement with 02 house owners in the year 2008 and 2011 to obtain buildings on a monthly lease of Rs.20,000 and Rs.30,000 respectively without obtaining valuation report from the Chief Valuer of the Department of Valuation in terms of FR.835	Admitted. It will be rectified in future.	Valuation reports were obtained in terms of FR .835
(ii)	The Institute had obtained valuation report from the Chief Valuer in order to obtain another 08 houses on a lease basis and entered into lease agreement with the respective house owners. However, those agreements had been entered without considering lease value of the Chief Valuer. As a result, a sum of Rs.1,285,500 had to be paid	Admitted. It will be rectified in future.	Valuation amount was disclosed and it was not included in the Lease agreement as it was not agreed by the House owner.

(iii)	Even though the above mentioned the lease agreements had been signed between Director of the Institute and respective owner of the property, these lease agreements had not been registered in the Registrar of Land Registry Section 17 of the Ordinance of Documents Registration.	Admitted. It will be rectified in future.	Will be rectified in future.
4.5 Academic Activities			
	The Institute had allocated 690 lecture hours for 07 subjects for the first semester of final year students of the Department of Carnatic Music during the year under review. However, out of the total allocated hours, only 297 hours had been completed by permanent and visiting Lecturers. Accordingly the relevant students had to sit for the final examination without completing 57 per cent of the total lecture hours and this practice had allowed to obtain the degree certificate without adequate knowledge in the relevant subject.	Additional subjects, such as, Information Technology, Social Harmony & Sri Lanka Study, Basic Science and English Language are common for the all 4 courses of study. Though there are individual time tables for the above subjects, lectures were conducted for all the students at a time.	Lectures were conducted completely

4.6 Contract Administration						
a. Contract to the value of Rs.9,147,841 had been awarded to a private company for the supply, installation, commissioning and maintenance of the extension of campus area network at the Institute. In this regard, the following observations are made						
(i)	According to the approved technical specification, the Company should supply Sortex brand UPS. However, the Company had supplied Techfine UPS without considering technical specification and decision of the Regional Procurement Committee. As a result the Institute had to pay a sum of Rs.324,240 additionally to the supplier.	Quoted Suppliers	AD Perera	Lanka ... services	Advance Micro Rechology	Action had been taken to rectify this issue
		Selection of Bidders	2 nd Lowest	Not satisfied the Bid Security Requirement and Disqualified	1 st Lowest	
(ii)	According to the Contract agreement for the supply, installation, commissioning and maintenance of campus area network, the work should have been completed before 15 August 2015. However, it had been completed only on 10 October 2015. In this regard, a sum of Rs.256,137 had not been recovered as liquidated damages from the supplier in terms of the Contract agreement.	After awarding the contract based on the Technical & Financial requirements, and it is not necessary to compare the prices of the other suppliers quoted. Action will be taken to rectify this issue in possible manner, ensuring that this kind of practice will not happen in future.				Action had been taken to rectify this issue
(b) Renovation of Quarters						
	Even though the Institute had spent a sum of Rs.646,707 during the year 2012 to renovate the quarters in order to provide accommodation facility to the Director of the Institute, after completion of the renovation works the quarters had been used as Health Centre without utilizing for the purpose for which it was renovated. However, the Institute had to obtained another building on rental basis by paying rental of Rs.35,000 per month in order to provide accommodation to the Director.	Admitted. Though the Director's quarters was renovated for the usage of Director, considering the urgent need for a health centre and Supplies store, it has been utilized for the same from 2012 with the consent of the Director. Please be informed that a house was rented for the Director's Quarters only in 2016.				Quarters is fully utilized by the Health Center and Stores of SVIAS

(c) Under utilization of funds			
(i)	Funds totaling to Rs.10,832,346 allocated under the Capital Grant in the year 2013 to carry out 07 capital works had been kept in the Bank Current Account up to 13 October 2016 without utilizing for the relevant purpose.	Admitted. During the period of allocation there were no technical related Officials at SVIAS. Therefore the balance was brought forward to the following years and funds are being utilized for the relevant purposes at present	Utilized the funds in the following years
(ii)	Funds amounting to Rs.37.75million allocated for implementation of projects such as information and communication development projects, students centered learning project and strengthening research project had been lying in the bank current account since 2014 without being utilized for the intended purposes.		Utilized the funds in the following years
(d) Construction of 03 Semi – Permanent Lecture Hall			
	The Eastern University had awarded a contract fro construction of semi permanent lecture halls at the SVIAS at the contract value of Rs.10,708,750 in year 2013 without carrying out proper feasibility studies. However, this lecture hall had remained underutilized from the date of construction as the students had refused to use this lecture hall due to lack of ventilation.	Admitted. Anyhow the Semi-permanent Lecture halls are being utilized by students for the intended purposes.	Semi – Permanent Halls are fully utilized
4.7 Human Resource Management			
(a)	The post of store keeper had remained vacant from 02 nd July 2012. However, store keeper of the Eastern University had performed duties for the above post on acting basis without taking action to appoint a permanent officer for the above post	After the termination the Store Keeper filed a case at the Labour Tribunal and the case is pending. Since the case is pending we are unable to fill the cadre vacancy.	Case is pending
(b)	Three academic cadres such as Lecturer (Probationary and Audio Visual Technical Officer had not been recruited from 01 January 2013 up to 07 October 2016.	It was already advertised and the interview was held, but no suitable candidates were found for recruitment. At present again advertised and it was scheduled for Interview shortly.	Recruited Lecturers (Prob.) and appointment of Audio & Visual Technical Officer is under UGC clarifications

(c)	The post of Temporary Lectures of the approved academic Cadre of the Institute were 05, while 18 Temporary Lectures were lecture in the Institute during the year under review.	Admitted It is the practice of the University to give temporary appointment to the passed out students on merit basis for a period of one year considering the financial provision.	It is usual practice to appoint immediate passed out students as Temporary Lectures for a period of one year.
5. Accountability and Good Governance			
5.1	Presentation of Financial Statements		
	According to Section 6.5.1 of Public Enterprises Circular No.PED/02 of 02 June 2003, the financial statements for the year under review should have been rendered for audit within 60 days after the end of financial year. However, the financial statements of the Institute for the year under review had been rendered for audit only on 10 June 2016 after a delay of 04 months.	Admitted In future it will be rectified.	In future it will be rendered for audit on time
5.2 Procurement Plan			
	A Master Procurement Plan including activities expected to be fulfilled at least within a period of three years in terms of the Section 4.2.1 (a) and 4.2.3 of the Procurement Guidelines had not been prepared.	Admitted. A Master Procurement Plan had been prepared for a period of one year as practice. However, the Procurement Guidelines will adhere from 2016.	Procurement Guidelines are followed
5.3 Internal Audit			
	Even though the internal audit should have been established to improve and evaluate the risk management, good governance and control activities by using a regular and subject oriented approach, the internal audit unit had not been established at the Institute since 2005. However acting allowance of Rs.143,110 had been paid during the year under review for the internal auditor of the Eastern University to look after the duty of vacant post of internal auditor at the Institute.	Admitted. It was already informed to the University Grants Commission to fill the vacant post of Asst. Internal Auditor. Action has been taken to establish internal Audit Unit at SVIAS.	Requested UGC to fill the Internal Auditor cadre vacancy

5.4 Conduct of the Annual Boards of Survey			
	According to the Establishment Circular Letter No.04/2013 dated 10 April 2013 of University Grants Commission, the Annual Boards of Survey for the year under review should be conducted and the report thereon should have been furnished to the Auditor General on or before 17 March 2016. However, the Institute had not conducted the Board of Survey even by 30 June 2016.	An inquiry was carried out for the shortage of items, and many unserviceable items were found during the Board of Survey 2013 and 2014. BOM approval was obtained to dispose or auction those items. Now the process of auction is going on. Immediately after the disposal or auction, Board of Survey 2015 will be carried out.	Board of Survey for 2015 and 2016 were completed simultaneously
6. Systems and Controls			
Deficiencies in systems and controls observed were brought to the notice of the Director of the Institute from time to time. Special attention is needed in respect of the following areas of control.			
(a) Control over Fixed Assets: Presentation of fair value of the fully depreciated assets.		Noted	Noted
(b) Contract Administration: Recovery of liquidated damages, approval for extensions, and comply with the conditions of the contract agreement.			

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28.09.2017

