Annual Report 2014

PIM

POSTGRADUATE INSTITUTE OF MANAGEMENT
University of Sri Jayewardenepura

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1 INTRODUCTION

The Postgraduate Institute of Management (PIM) is a semi-autonomous body affiliated to the University of Sri Jayewardenepura. Its objectives are to promote advanced education and professionalism in management in Sri Lanka through the provision of postgraduate instruction, training, research, and development in the various branches of management and administrative studies. Today, it serves the national interests of professional management education and training, providing challenging opportunities for learning and skills development to thousands of senior-level managers and administrators. Being the pioneer of advanced management education in Sri Lanka, PIM provides leadership to those in the business of innovating and disseminating management know-how as well as to those who are in search of higher learning alternatives.

PIM, established in 1986 by Ordinance under the Universities Act 16 of 1978, is one of the seven postgraduate institutes in the university system of Sri Lanka. Though it is relatively young, it has the largest student population among postgraduate institutes, and it is the only self-financing higher learning institution in the university system of the country.

The history of the Institute goes back to 1981 when a Division of Postgraduate Studies was set up at the Faculty of Management Studies of the University of Sri Jayewardenepura. The Division started postgraduate studies in management with collaboration under CIDA with two Canadian Universities, viz., Ottawa University and Carleton University. In 1986, the Division was upgraded to a separate institute under the University of Sri Jayewardenepura. In 1995 the Postgraduate Institute of Management was moved to the new building constructed at Lesley Ranagala Mawatha, Colombo 8.

2 PIM VISION, MISSION AND VALUES

VISION

To become a centre for management excellence in South Asia

MISSION

We ignite human imagination by developing leaders having global presence with local pulse. In doing so, we pursue innovative teaching, cutting-edge research, enriching partnerships, greener infrastructure and good governance.

VALUES

Passion: Enthusiasm and eagerness towards results in showing professionalism in actions.

Key Behavioural Indications (KBIs)

1) Is clear about the tasks associated with the job
2) Is enthusiastic in handling tasks
3) Thinks innovatively in finding new solutions
4) Is conscious about one's contribution to the institutional success
5) Willing to put extra effort to achieve objectives

Integrity: Acting in an ethical manner with the best interest of the institution in mind

Key Behavioural Indications (KBIs)

1) Is honest in conducting oneself
2) Can be trusted in handling confidential matters
3) Conducts oneself fully within the rules and regulations of the institution
4) Cannot be manipulated for unethical actions
5) Keeps the institution's needs ahead of one's interest

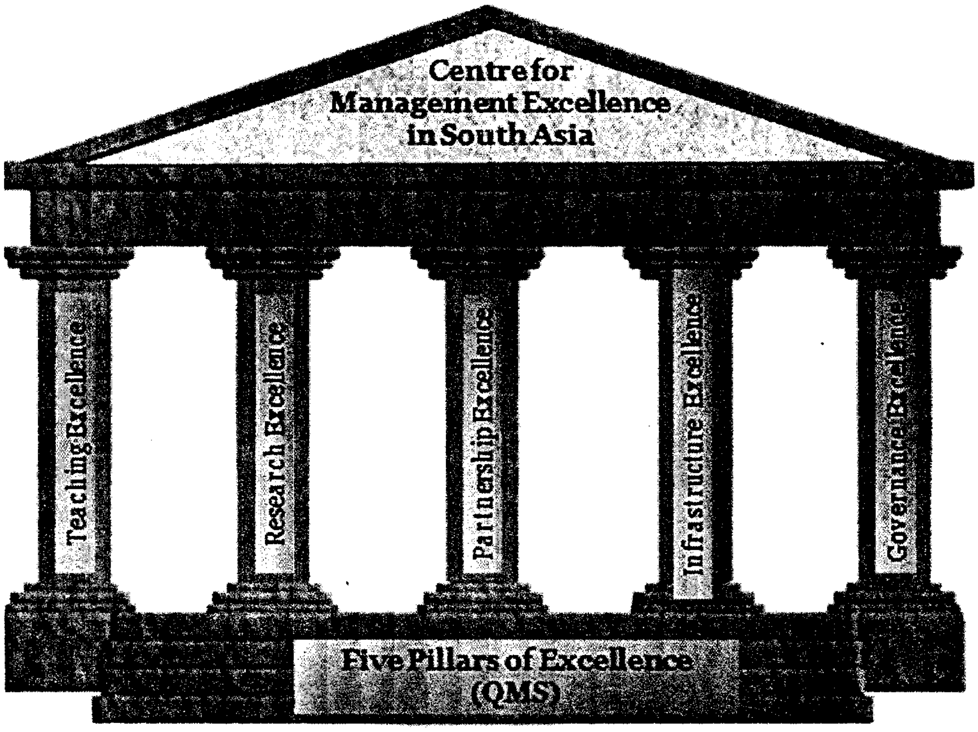
Mindfulness: Paying attention to purpose and actions in doing things with self-awareness

Key Behavioural Indications (KBIs)

1) Pays attention to details
2) Is aware of the needed actions in any given moment
3) Looks at situations unbiased with and open mind
4) Has complete focus on tasks at hand
5) Is efficient in utilizing time

Overall Approach

Our Edifice of Excellence



We use our Quality Management System (QMS) as a tracking mechanism of our progress

GOALS

PIM's five goals for the next five years are as follows:

Goal One: To enhance the scope of PIM academic programmes;

Goal Two: To enhance the scope of PIM excellence in research and publications;

Goal Three: To foster partnerships with industry, universities and professional associations;

Goal Four: To develop ICT and ensure green infrastructure facilities to offer a conducive learning environment, and

Goal Five: Ensure revenue growth inclusive of foreign income with financial and administration compliance.

Accordingly 20 Strategic Objectives have been formulated.

PIM QUALITY POLICY

We are committed to pursue global standards of excellence in all our endeavours namely teaching, research, and consultancy and continuing education, and to remain accountable in our core and support functions, through a process of self-evaluation and continuous improvement, at all times. We are committed to develop a skilled and customer-focused staff and faculty by providing the training and other support facilities. We use the ISO 9001-2008 model to continually improve our institutional processes to achieve overall excellence.

PIM quality management system has been certified by the Sri Lanka Standards Institution (SLSI). It confirms that he internal systems that are adopted by the Academic Administration and Finance Divisions as well as the Library and the IT Centre, four major components of the PIM's management systems, conform to best practices and stringent standards that a professional institution should possess. The standard apply to the processes of the Institute which have direct impact on quality. It further emphasizes continuous improvement and customer satisfaction. PIM is the only Institute in the university system receive ISO 9001:2008 certification in Sri Lanka.

3 DIRECTOR'S REVIEW

Thirty five years ago, when PIM headed by its founder Director embarked on the national task of developing managers for Sri Lanka through the special management programme introduced at the Division of Postgraduate Studies, there was little concern in the country, both in the private and public sectors, about advanced management education. In this context, the founder Director negotiated with the Canadian International Development Agency (CIDA) to obtain assistance to set up an MBA degree programme in Sri Lanka. Though in the early 1980's a monopolistic market existed in the country, now, more than 35 years later, the market for MBAs has become very competitive.

Eight universities in the country offer MBA programmes while over a dozen private, off-shore MBA programmes too compete with PIM. These latter programmes are advertised extensively using foreign funds and charge fees in excess of double that of PIM for their MBA programmes. Competition comes from lowering entry qualifications and the use of the faculty of the local universities as resource persons with their 'prestigious' name tags. These are the key challenges to PIM, the institution that has taken the bold initiative to operate on self-generated funds. The competitor private educational institutions are not hampered by the restrictions that PIM faces. Owing to its self-imposed initiative to be self-sufficient, PIM has to earn funds to pay for salaries, utilities, supplies, transport needs, capital expenditure, taxes and maintenance, security and audit fees. This is indeed a unique situation where a public sector organization in Sri Lanka has dared to earn its upkeep covering all its expenses, both recurrent and capital, and manage the institution with a surplus.

During the year, PIM was ably guided and directed by its Board of Management and the Boards of Study on the basis of the Corporate Plan for 2014-2018. I am pleased to state that overall performance in the key result areas of (i) postgraduate level education, (ii) research and publications (iii) training and consultancy services, (iv) academic environmental enhancement and (iv) administrative and financial efficiency have been encouraging. The next few pages are devoted to provide the PIM's achievements during the year. This will be followed by sections on human resources development and administrative and financial efficiency.

Arguably the future of the public enterprises in Sri Lanka lies in maintaining a proper balance between autonomy and control. The country needs, on the one hand, to establish a self-funding, self-managed and self-regulating tradition in public enterprise undertakings, and on the other hand, ensure that the various enterprises meet some minimum standards – such as efficiency, accountability, and excellent service.

The autonomy of the Postgraduate Institute of Management (PIM) is enshrined in the enabling legislation which provides for administrative, financial and operational freedom. Moreover, the PIM does not rely on any budgetary allocations from the General Treasury, not even for its capital expenditure which includes the construction of new buildings.

In recent years, there has been a proliferation of institutes of higher learning in Sri Lanka. However, a distinction has to be made between institutes that are self-financing and institutes such as- the state universities which depend on considerable Treasury grants on an on-going basis. PIM is structurally differentiated from the vast array of such organizations in the quality of its courses, in the non-traditional modes of course delivery, group and interactive learning sessions, presence of learning facilitators in addition to formal lecturers and programmes designed on the basis of a needs analysis of clients. PIM's central intent is to transform public and private sector practitioners into professionals. Busy public officers and private sector employees are afforded learning opportunities after normal office hours, which justify incentive allowances for staff. It is imperative that PIM maintains its well-earned reputation for excellence.

For private enterprises, profitability provides the key indicator of efficiency. For state-owned enterprises, profitability may not be a sufficient indicator, given that many such enterprises are not created to maximize profits as they perform non-profit making functions. However, where a state-owned enterprise functions without being a burden on the Treasury, in our view, such activities must be promoted. Only a performance-based auditing will motivate PIM to improve its operational performance and delivery of services.

In seeking to maintain flexibility, we need a criterion for creating, managing, supervising and holding to account different types of enterprise. As a result, a wide variety of enterprises should exist, each with its own funding, reporting, personnel and governance arrangements.

The lack of financial independence and control of human resources will severely inhibit and constrain PIM's long-term development, market orientation and performance improvement. For PIM to achieve its full potential, it is very important that PIM Board of Management must possess a financial independence to some extent.

4 ACHIEVEMENTS: POSTGRADUATE EDUCATION

Postgraduate output during the year

The educational programmes were conducted successfully and on schedule. The number of postgraduate students who completed the Master's degree and Postgraduate Diploma requirements during the year is given in Table 1.

Table 1: Postgraduate Output during 2014

Programme	No.
Ph. D. in Business Administration	01
Master of Business Administration	326
MBA Human Resource Management	01
Master of Public Administration	91
MBA International Trade & Logistics	22
Postgraduate Diploma in e Government	62
Postgraduate Diploma in Public Administration	03
Postgraduate Diploma in Management	04
Total Number of Graduates	510

Source: PIM data base

Student Enrolment during the year

The student enrolment for the Master's degree programmes during the year 2014 is given in Table 2.

Table 2: Student enrolments during 2014

Course	Nos.
Master of Business Administration	251
Doctor of Philosophy	17
Total	268

Source: PIM data base

Course Planning and delivery

a) Fresh attempts were made to improve the quality and relevance of the MBA programme as well as Postgraduate Diploma programmes conducted during the year. In order to stay ahead of competition, while delivering value to the student, programme curricula were improved in keeping with emerging trends and new areas of knowledge. Further, the following changes were introduced and popularized. *Redesigning course outlines:* Courses were redesigned to sharpen focus and direction. A comprehensive and clearly thought-out course structure, along with a listing of mandatory readings have helped the lecturer in terms of course preparation and delivery and the postgraduate students who are now able to prepare in advance for a particular session.

b) *Delivery mode:* Two specific changes were made. First, only a third of a three-hour session is typically devoted to the *straight lecture component,* i.e., to *tell.* The remainder of the session is devoted to *show* (e.g. showing a video), *to ask* (e.g. engage students in discussion/debate), and *to do* (e.g. do an exercise or case study). The Faculty is aware of the need to use all four modes of delivery for making a high impact on the student-managers and for achieving the desired learning outcomes.

c) *Guest lectures:* There is great need to involve key people from industry to deliver guest lectures on selected topics. These sessions are pre-planned and integrated into the course structures. These guest lectures have been useful and they in fact mark a vital point of departure between the MBA programme at PIM and that of competitors.

d) *Release of marks:* The Faculty has been set a target for the timely release of marks - six weeks from the date of the final exam. This is closely followed up, and constitutes a KPI for the faculty.

e) *Student evaluation:* This is an important assessment of the student's perception of a course. The semester-end evaluation by students is summarized and the respective faculty members are informed of their performance as perceived by student-managers. An overall evaluation of 4 on a scale of 1-5 is expected from each faculty member.

f) *Residential Workshops:* An important feature of programme delivery is residential workshops. They are usually held in locations away from Colombo. Two such workshops for the benefit of MBA & MPA students were held during the year. They helped students and faculty to deliberate on selected issues in an environment of calm that promotes creativity and camaraderie among students.

5 RESEARCH AND PUBLICATIONS

Research in management in Sri Lanka is still in its infancy. We have yet to develop a research tradition in the discipline. The challenge is to formulate the paradigm in which our research efforts should be directed. As we perceive it, the principal objective of research is to go in search of an indigenous core for the enrichment of management as a profession. Towards this end, we seek methods and logical approaches to research through which the quality of research outputs can be elevated to acceptable levels.

During the year 2014, over 200 student research projects were completed which are available in hard-bound form in the PIM library.

Publications

Satisfactory progress was shown in the area of publications during the period under review.

i) *PIM Presentation guidelines:* An up-dated edition of handbook titled *PIM Presentation Guidelines* designed to promote uniformity in the writing and presentation of material by PIM staff and students was published. The book lays down the standard set of rules and guidelines for compliance and is largely based on the guidelines set out in the Manual of the American Psychological Association. The Faculty has also contributed to the compilation of the publication.

ii) *Sri Lankan Journal of Management (SLJM)*: The quarterly Journal of the Institute, started in 1996, continues to provide a forum for publication and discussion. Two bumper issues of SLJM were published during the year 2014. The principal objective of SLJM is to provide a medium for addressing issues of relevance in management and for disseminating results of excellent research projects of the Faculty and of students. Those from industry are also invited to send in their contributions for publication.

iii) *The Professional Manager*: This bi-annual magazine was launched, in addition to the SLJM, to cater to the emerging needs of the modern manager. It disseminates cutting edge management knowledge in a style that is easy to comprehend without a particular functional bias. Issues that are topical and significant for today's managers operating in a complex and turbulent environment are given emphasis in *The Professional Manager*. Two issues of the publication were printed during 2014.

iv) During the year under review 42 articles authored by faculty and students were published in the local press.

Table 3: Research, Innovation and Publications

Subject	Published	Commercialized	Presented
a. No. of Research of MBA students	--	--	192
b. No. of Journals	02	02	
c. No. of Magazines	02	02	
d. No. of Books	02	02	
e. No. of Articles (in the press)	42	(appeared in the daily press)	
Total	48	06	192

Source: PIM data base

PIM Research Day

First PIM Annual Research Day was held on November 28, 2014 at the Institute. Prof. Kshanika Hiriburegama, Chairperson, University Grants Commission participated as the chief guest.

PIM initiated this concept of showcasing our research to benefit a larger audience including students, academics, researchers and PR actioners and policy makers. In line with the strategic direction of PIM, management research plays a pivotal role. In fact, it is one key pillar in our edifice of excellence which will make us a centre of management excellence in South Asia. With the commencement of the research partnership between PIM and the University of New South Wales (UNSW), Australia, we look forward to be more vibrant in our research endeavours.

6 TRAINING AND CONSULTANCY

PIM takes pride in conducting client-focused training for employees of organizations in its efforts to be a working partner of the business community. The clients include both public and private sector institutions engaged in manufacturing and services such as banking, finance and insurance. During the year nine such short- to medium-term training programmes were conducted for seven organizations as illustrated in Table 4.

Table 4: Management Development Programmes conducted in 2014

	Organization	Programme
1	HOLCIM Lanka Ltd	Management Development Training Programme for Middle Management of the Company
2	Ministry of Health	Management Development Training Programme for Medical Officers
3	Peoples Leasing & Finance PLC	Management Development Training Programme for Higher Grade Branch Managers
4	Sri Lankan Airlines	Leadership Development Programme for Senior Management
5	National Savings Bank	Management Development Training Programme for AGMs
6	John Keells Holdings PLC	Management Development Programme for Senior Management
7	Central Finance PLC	Management Development Programme for Branch Managers
8	Amazon Trading (Pvt) Ltd	Course in Business English & Professional Communication

Source: PIM data base

As a matter of policy, PIM also undertakes management consultancy assignments which are likely to contribute towards improving the content and skills of faculty teaching through exposure to practical management problems. In 2014 a number of management consultancies were successfully completed in the areas of corporate planning, organizational re-structuring, job analysis and remuneration policy, training and development *and* institutional development.

7 ACADEMIC AND PHYSICAL ENVIRONMENTAL ENHANCEMENT

PIM is fully aware of the need to pay considerable attention to academic and environmental enhancement, which it has continued to do during the year as shown below:

Annual Faculty Retreat

The annual Faculty Retreat of the Institute was at the Anantaya Hotel, Chilaw. Its main objective was to deliberate on the *status quo* of the Institute in respect of all its major functions and operations with a view to effecting improvements and repositioning itself to meet current and future demands and achieve greater success for the Institute . In fact, a worthwhile Faculty Retreat can breathe new life into the academic community, and the content of a well-organized retreat can contribute to the development of the Institute's identity and can inspire a shared sense of reflection and forward movement. These objectives were attained to a large extent at this year's Annual Faculty Retreat.

The 5 M framework for development

In order to take PIM forward in the years ahead, the five dimensional programme which had already been adopted was continued with even greater vigour. It involved constant involvement in the 5 M, viz., Market, Members (faculty and staff), Mentors (faculty assigned to provide individual help and guidance and feedback), Monitors (appointing class representatives for each batch) and MBA's (work with Alumni of PIM). Emphasis was given to working with these stakeholders through the deliberations at Faculty meetings and meetings organized with the participation of other stakeholders.

ISO 9001-2008 status for PIM

Obtaining the ISO 9001-2008 certification was one of the greatest achievements in our history. PIM is the only higher educational Institution in the University system in Sri Lanka which has obtained this certification to-date. The process leading to the certification was most rewarding as it resulted in effecting improvements in the academic arena comprising teaching, learning and evaluation as well as academic, administrative and financial administration.

Expansion of library

Expansion of the Library (including the video library) continued in year 2014. A sum of Rs.2.5 million was set aside for the purpose. The library was further upgraded to accommodate more users, and the facilities, viz., research collection and information assistance, inter-library loans, subject bibliographies and displays, internet connectivity and videos. The automated catalogue system was further up-graded to provide better service to students.

By end of the year 2014, over 32,000 books on management and related areas, and over 30 journals and periodicals had been made available for the readership. In order to ensure an efficient service, the bar coded circulation system was further upgraded as part of library modernization.

Enhanced facilities for staff and students

In order to provide better facilities for students the following enhanced facilities were introduced during the year:

- *Physical Training Centre:* Many postgraduate students who follow the MBA programs of the Institute are unable to strike the vital *work-life-learn* balance. PIM students ought to appreciate the need to manage the four facets of life, namely, physical, mental, social, and spiritual. The Physical Training Centre, which helps achieve this objective, was upgraded with new equipment.
- *Web-based student progress reporting system*: The system was developed for MBA/MPA students to find out their up-to-date individual academic performance during the programme, marks gained in each course, course averages, and their standing *vis a vis* others in the batch. The system was further upgraded during the year.
- *Expansion of the car park:* The car park was further expanded to accommodate more vehicles for the benefit of postgraduate students following evening lectures after office.
- *Maintenance and refurbishing work:* The PIM building was colour washed and maintenance work in all areas continued. Lecture rooms and lecturers' cubicles wherever necessary, were refurbished. New chairs and tables were provided both in the students' study areas and lecture rooms. Further, old sound systems in some of the lecture rooms were replaced with new ones.

- *Introduction of an automated bar code system for recording attendance:* This removed the need for a manual register of student attendance. This was further upgraded to enable the students to view their attendance rate daily *via* the student learning portal.

- *Introduction of on-line services:* On-line uploading of course material, on-line student evaluation of faculty members, and on-line updating of students' course marks continued during the year. The bulk SMS system introduced to communicate with students on urgent matters became more popular during the year,

PIM Building Project Stage II

A project proposal for the construction of Stage II of the PIM building complex was approved by the Cabinet of Ministers in June 2012. The total project cost is estimated at Rs. 171 million. The Institute intends to commence the project in the near future and the funds generated by the Institute will be utilized to complete a substantial part of the building. On completion of the building the Institute will be in a position to provide extended and expanded services to the students as well as to the corporate community.

Publicity and Image

A conscious effort was made to publicize all PIM activities/events carried out in 2014 with press and TV coverage, thus increasing the visibility of PIM. The PIM website which is regularly upgraded also covers the special events conducted by the Institute.

Introduction of m-Learning Facility

PIM signed an MOU with Mobitel Pvt Ltd to facilitate MPA students to follow the program on-line using the live lecture software. This live lecture feature enables the lecturers to deliver lectures on line using the live lecture software. The live lecture feature enables delivering lectures simultaneous through multimedia modes such as video, power point presentations and voice.

8 HUMAN RESOURCES DEVELOPMENT

During the year both faculty as well as non-academic staff rendered yeomen service to the achievement of institutional goals.

Faculty resources

Over a period of three decades, the Institute has accumulated a wealth of experience in adult learning, research and consultancy. Most of the teachers of the Institute today have been at the task for many years, and hence they form a core team of academics who set standards, integrate locally-found knowledge regularly into the curricula, and coordinate with other faculty members with speed and flexibility. The teaching faculty was engaged in the conduct of course work and the supervision of research papers and skills projects of Master's and Doctoral level students.

Table 5: Academic Staff:

	Senior Professor	Professor	Senior Lecturer	Consultants	Visiting Consultants
	-	02	-	05	30
Total	-	02	-	05	30

Source: PIM data base

Faculty Resources

Over a period of two decades, PIM accumulated a wealth of experience in adult learning, research and consultancy. Most of the teachers of the Institute today have been at the task for many years, and hence they form a core team of academics who set standards, integrate locally found knowledge into regular curricular, and coordinate among the many faculty members with speed and efficiency. The faculty team comprised permanent teachers, teachers on contract and visiting academics and professionals:

Dr. Arosha Adikaram
BBA (Col.), MA (Col.), Ph. D. (col.)

Mr. Indrajit Aponso
B. Sc. (Col.), MA (Col.), M. Phil. (Hong Kong)

Mr Sisira Athuraliyage
B.Sc. Natural Sciences, (Ruhuna), M.Sc. Comp. Sc. (Col.)

Dr. Traci Carte
B. Sc. (Wright State), mba, ph. D. (Georgia)

Mr. Aruna Dayanatha
MBCS (UK), AMIPM (SL), MACS (Aus), MBA (PIM-USJ)

Ms. Gayani De Alwis
MCILT (UK), MBA (PIM-USJ), M. Sc. (Reading)

Prof. Ajantha Dharmasiri
B.Sc. Eng. (Moratuwa), MBA (PIM-USJ), Ph. D. (PIM-USJ), C.Eng, MIE (SL)

Ms. Sakunthala Durairatnam
B. Sc. (Pera.), M. Sc. (USJ), MBA (PIM-USJ), M. IChem. (SL)

Mr Ravi Edirisinghe
MBA (PIM-USJ), ACMA (UK), FSCMA

Mr Harsha Fernando
LLM (London), MBA (Nanyang), Attorney-at-Law

Dr Lloyd Fernando
M.Sc. (Moscow), Ph.D. (Sussex)

Mr Mario Fonseka
MCIM (UK), FSCMA, MBA (PIM-USJ)

Prof. Tilak Fonseka
BA (Cey.), LLB (Col.), MBA (PIM-USJ), MA (Col.), Ph.D. (PIM-USJ),Att-at-Law

Dr Penelope Hood
DMS (Ed), M.Sc. (Edu. Mgt.), Ph.D. (Anglia)

Mr Mafaz Ishaq
B.Sc. (Eng), M.Sc. (Econ), M.Sc. (Eng), CISA

Mr Sanjeev Jayaratnam
C.Eng, MBCS, B.Sc (Manchester), MBA (PIM-USJ)

Mr Tissa Jayathilake
BA (Cey.), MA (Wake), MPA (PIM-USJ)

Dr A. K. L. Jayawardana
B.Tech. (Mad.), MBA (PIM-USJ), Ph.D. (Canb.)

Mr K. A. I. Kalyanaratne
BA (Cey.), MBA/HRM (PIM-USJ), ACIT (UK)

Prof. Uditha Liyanage
Dip. M, FCIM, MBA (PIM-USJ), Ph.D. (PIM-USJ)

Mr N. Nirmalan
MPM (USQ), B.Sc. (Hons) Comp & IS (LGU), MCS (Sri Lanka)

Prof. Henerath Opatha
B Sc (Bus. Adm) (USJ), M Sc (HRM)(USJ), MBA (Birmingham), PHD (UUM), Doc. HRM IIU)

Dr Travis Perera
MIED (UK), MBA (PIM-USJ), Ph. D. (PIM-USJ)

Mr Wellington Piyadasa
FCMA, FPFA, P.G. Dip. M.P. (UCD), P.G. Dip. SCF (ICASL), MBA (UCD)

Mr Carlton Samarajiwa
BA (Cey.), B.Ed, (Queensland), Dip. Ed. (Lond.), Dip. TEFL (Sydney)

Prof. Satish Shinde
M.Sc., MBA, Ph.D (Pune)

Dr Arul Sivagananatha
B.Eng. (Hons.) (London), AMIE (SL), FCMA (UK), MBA (Cranfield), Ph.D. (USA)

Dr WickremaWeerasooria
LLB (Pera.), Ph.D. (London), Attorney-at-Law

Mr SenakaWeerasooria
B.Sc. (ANU), MIT (Canberra)

Mr Sunil Wijesinghe
FCMA, C.Eng, MBA (PIM-USJ)

Non-academic Staff

The Institute was staffed by 28 full-time employees during the year. Janitorial services, cleaning, security and cafeteria facilities were outsourced.

Details of non-academic staff appear in Table 6.

Table 6: Details of Non- Academic Staff

Faculty/Branch	Most Senior	Senior Staff	Junior Staff	Minor Employees
Administration & Academic Affairs		01	05	03
IT Centre		01		01
Library		01	04	
Director's Office	01		01	
Training & Publications	01		01	
Public Policy Division	01	01	02	
Finance	01		03	
Total			28	

Source: PIM data base

9 ADMINISTRATIVE AND FINANCIAL EFFICIENCY

This has been a satisfactory year for the Institute in administrative and financial efficiency spheres as is reflected in the following statements:

Comparative Recurrent expenditure figures appear in Table 7.

Table 7: Recurrent Expenditure: 2012(Rs) 2013(Rs) 2014 (Rs)

Subject	2012	2013	2014
a. Personal emoluments	27,170,448	34,743,448	37,450,350
b. Travelling	3,332,150	2,367,507	1,263,175
c. Supplies	7,509,525	8,863,732	11,812,206
d. Maintenance	3,181,931	4,032,681	4,864,374
e. Contractual Services	17,360,808	18,952,907	25,263,530
f. Other	35,279,370	40,261,864	23,947,168
g. Project Nature Expenditure	29,752,511	20,775,283	33,689,780
Total Expenditure	123,566,788	129,727,425	138,290,583

Source: PIM data base

Comparative capital expenditure figures appear in Table 8.

Table 8: Capital Expenditure

Subject	2012 (Rs)	2013 (Rs)	2014 (Rs)
a. Acquisition of furniture & office equipment	4,535,905	4,885,334	6,147,596
b. Acquisition of machinery	5,676,652	5,676,652	-
c. Acquisition of buildings and structures	-	-	-
d. Other (Library books, Motor vehicle, Cloaks)	649,320	1,193,395	2,117,571
e. Rehabilitation & Renovation of Land & Building	282,373	393,400	2,660,542
Total	11,144,250	6,472,129	10,925,709

Source: PIM data base

The locally funded projects appear in Table 9.

Table 9: Projects (Local)

Name & Detail	Loan / Grant	Funding Agency≠	TCE Rs.	RFA Rs.	DF Rs.
-	-	-	-		
Total					

Source: PIM data base

Comparative locally funded project expenditure appear in Table 10.

Table 10: Project Expenditure (Local):

Name	TCE Rs.	Exp. in 2012 Rs.	Exp. in 2013 Rs.	Cumulative Exp. As at 31.12.2013	% of Physical Progress
-	-	-	-	-	-
Total	-	-	-	-	-

Comparative financial progress figures of expenditure appear in Table 11.

Table 11: Financial Progress (Expenditure)

Subject	Provision in 2014 Rs.	Expenditure in 2014 Rs.	Savings/Excess Rs.
a. Recurrent except Project	131,858,000	138,290,583	(6,432,583)
b. Capital except Project	11,500,000	10,925,709	574,291
c. Project – Local funded	-	-	-
d. Project – Foreign funded	-	-	-
Total	143,358,000	149,216,292	(5,858,292)

Note: above (b) is excluding construction project provision of Rs. 130,000,000/-

Source: PIM data base

Comparative financial progress figures of generated income appear in Table 12.

Comparative financial progress figures of generated income appear in Table 12.

Table 12: Financial Progress (Generated Income)

Source of Revenue	Provision in 2014 Rs.	Collection in 2014 Rs.	Deficit/Surplus Rs.
Undergraduate Studies	-	-	-
Postgraduate Studies	111,600,000	112,037,800	437,800
Consultancies	20,000,000	15,257,175	(4,742,825)
Other	56,124,000	49,168,517	(6,955,483)
Total	187,724,000	176,463,492	(11,260,508)

Source: PIM data base

Financial Performance Analysis, 2013:

During the year, the Institute did not receive any funds from government sources, in keeping with the policy of self-financing of the Institute, which started in 1997. Since that year, PIM has not received any funds from the University Grants Commission or Treasury for recurrent expenditure.

Financial performance analysis figures of 2014 appear in Table 13.

Table 13: Financial Performance Analysis, 2014

Subject	Formula	Exp. Per Student Rs.
Recurrent Expenditure (RE) per Student	RE / No. of Student Strength	204,875
Capital Expenditure (CE) per Student (CE)	CE / No. of Student Strength	16,186
Total		

Source: PIM data base

10 BOARD OF MANAGEMENT

The following formed the Board of Management which is the academic and executive body of the Institute

Ex-officio Members:

Prof. K B M Fonseka, Director and Chairman of the Board (up-to June, 2014

Prof. Ajantha Dharmasiri, Director and Chairman of the Board (from July 2014)

Secretary, Ministry of Higher Education *(Rep. Mr Piyasena Ranepura)*

Secretary, Ministry of Public Administration *(Rep. Ms. B P P S Abeygunawaratne)*

Secretary, Ministry of Finance *(Rep. Ms. N Godakanda)*

Director General, National Institute of Business Management *(Dr. E. A. Weerasinghe)*

President, Institute of Chartered Accountants, Sri Lanka *(Mr. Arjuna Herath)*

President, Institution of Engineers, Sri Lanka *(Dr. S B Wijekoon)*

Chairman, Ceylon Chamber of Commerce *(Mr. Suresh Shah)*

Dean, Faculty of Management Studies and Commerce, USJ *(Dr. U Anura Kumara)*

Director, Sri Lanka Institute of Development Administration *(Mr. J. Dadellage)*

Members appointed by the University Council:

Prof. Abeyratne Bandara, *Dept. of Finance, University of Sri Jayewardenepura*

Mr T. Dharmarajah, *Council Member, University of Sri Jayewardenepura*

Dr H. M. A. Herath, *Department of Public Administration, University of Sri Jayewardenepura*

Prof H. H. D. N. P. Opatha, *Dept. of HRM, University of Sri Jayewardenepura*

Members Appointed by the University Grants Commission:

Mr Hussein N. Esufally, *Chairman, Hemas Holdings PLC*

Mr B. R. L. Fernando, *Chairman, CIC Holdings PLC*

Prof. H. Abeygunawardena, Member, UGC

Dr Saman Kelegama, *Director, Institute of Policy Studies*

Dr Wickrema Weerasooria, *Insurance Ombudsmen of Sri Lanka*

11 BOARD OF STUDY

The Board of Study of the Institute regulated the matters connected with teaching, examinations and research during the year and it was represented by the following members.

Board of Study in Business Administration

Prof. K B M Fonseka, *Director, PIM (Chairman)(up-to June 2014)*

Prof. Ajantha S Dharmasiri, *Director, PIM (Chairman)(from July 2014)*

Prof. Sampath Amaratunga, *Dean, Faculty of Management Studies and Commerce, USJ*

Mr. Eardly Perera, *Director, Dunamics Capital PLC*

Dr. Travis Perera, *Senior Consultant, PIM*

Mr. M. R. Prelis, *Company Director*

Board of Study in Public Administration

Prof. K B M Fonseka, *Director, PIM (Chairman)(up-to June 2014)*

Prof. Ajantha S Dharmasiri, *Director, PIM (Chairman)(from July 2014)*

Dr. Lloyd Fernando, *Program Director (Public Policy), PIM*

Prof. A. K. W. Jayawardena, *Vice Chancellor, University of Moratuwa*

Dr. Wickrema Weerasooria, *Insurance Ombudsman in Sri Lanka*

Dr. Jayampathy Wickremaratne, *President's Counsel*

Mr. W A Wijewardena, *Former Deputy Governor, Central Bank*

12 FUTURE PLANS

PIM should pay a greater attention to improve the quality of research reports of the students. In addition to the content of reports presentation aspects need improvement. Students should also be exposed to larger doses of qualitative and mixed research methods. A concerted effort should also be made to get the Sri Lankan Journal of Management attain ranked status for which enhancement of quality of research outputs of staff seems important. Thus, the need to set up a Research Centre within the institute looms large.

In addition, attempts must be made to enhance the MPA programme conducted by the Institute both in terms of contents as well as method of delivery. Use of blended learning methods using information technology could be useful as it will ensure participation of students from distant parts of the country.

PIM and its core programme, the MBA, have over the years been competitive amidst growing competition. Relevance and quality were the two key success factors. It is the institute's endeavor to continue to excel in its chosen areas of activity, the MBA, MPA & Ph. D, core programmes, and research while paying greater attention to Executive Development Programmes (EDP) which are tailor-made to meet the specific training and development needs of clients, especially from the private sector. Infra-structure development, with expansion of the Faculty and their continuous development will enable the above mentioned programmes of study research, and training to be delivered as planned.

Prof. Ajantha Dharmasiri
Director

December 10, 2015

RESPONSIBILITY STATEMENT OF THE BOARD OF MANAGEMENT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014 POSTGRADUATE INSTITUTE OF MANAGEMENT OF UNIVERSITY OF SRI JAYEWARDENEPURA

The financial statements of the Postgraduate Institute of Management of University of Sri Jayewardenepura for the financial year ended 31st December 2014 have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) and the form and manner specified by the University Grants Commission in terms of the relevant Sections of the Universities Act No. 16 of 1978 and the Finance Act No. 38 of 1971.

Financial Statements have fulfilled the relevant conditions and complied with the rules and procedures prescribed by the University Grants Commission and the Financial regulations of the Finance Act No. 38 of 1971. The systems of financial controls have been maintained as far practicable to ensure propriety of transactions and efficiency in expenditure. To the best of our knowledge the financial statements for the year ended 31st December 2014 have been prepared satisfactorily and exhibits a true and fair view of the Postgraduate Institute of Management of University of Sri Jayewardenepura.

Dr Ajantha Dharmasiri
Director

June 22, 2015

POSTGRADUATE INSTITUTE OF MANAGEMENT /UNIVERSITY OF SRI JAYEWARDENEPURA
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 31ST DECEMBER 2014

(EXPRESSED IN SRI LANKAN RUPEES)

	31 Dec 2014	31 Dec 2013
Revenue		
Registration Fees (Postgraduate)	850,793.00	96,650.00
Tuition Fees (Postgraduate)	112,037,800.00	90,399,979.75
Examination Fees (Postgraduate)	540,200.00	612,275.00
Management Development Programmes	15,257,175.00	13,654,987.50
MPA Programme	6,955,300.00	14,603,310.00
Application Fees	801,900.00	533,000.00
Convocation Fees	4,198,000.00	4,820,000.00
	140,641,168.00	**124,720,202.25**
Other Income		
Interest on Investments	17,361,723.50	22,671,238.58
Interest on Loans & Advances	94,461.81	82,061.89
Rent from Property	14,843,405.00	12,149,925.00
Profit/ (Loss) on Sale of Old Store Items	(561,445.00)	113,050.00
Foreign Exchange Gains	(3,428.94)	29,956.85
CIO Project (E-Government)	-	1,375,000.00
Sale of Publications	557,410.00	1,932,400.00
Library Fines & Fees	175,965.00	155,562.50
Extension Course on Public Policy For Business Leaders	935,000.00	1,980,000.00
Research Workshop	30,000.00	100,000.00
Miscellaneous Receipts	2,389,233.09	5,202,315.94
	35,822,324.46	**45,791,510.76**
Administrative Expenses		
General Administration & Staff Services	54,446,264.85	48,517,182.97
Academic Services	43,498,719.04	38,023,856.24
Teaching Resources	3,061,395.30	5,019,540.10
Ancillary Activities	3,594,424.77	3,785,460.38
Management Development Programes	9,502,373.00	10,768,067.95
MPA Programme	4,672,269.51	6,347,835.60
CIO Project (E-Government)	-	1,818,845.60
Expenditure for PIM Publications	914,737.92	612,793.07
Extension Course on Public Policy For Business Leaders	401,276.40	1,716,135.00
Research Workshop	-	124,400.00
Bad Debts	1,882,500.00	-
Depreciation	16,316,622.65	12,805,830.19
Miscellaneous Payments	-	187,478.14
	138,290,583.44	**129,727,425.24**
Surplus for the Year before Revaluation Gains	**38,172,909.02**	**40,784,287.77**
Gains on Revaluation of PPE	10,661,270.38	-
Surplus for the Year after Revaluation Gains on PPE	**48,834,179.40**	**40,784,287.77**

POSTGRADUATE INSTITUTE OF MANAGEMENT /UNIVERSITY OF SRI JAYEWARDENEPURA
STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER 2014

(EXPRESSED IN SRI LANKAN RUPEES)

	Note	31 Dec 2014	31 Dec 2013
Assets			
Non-current Assets			
Property, Plant & Equipment	12	70,239,907.38	65,715,876.74
Current Assets			
Inventory	13	4,407,486.21	5,079,790.68
Debtors		1,641,000.00	1,641,000.00
Loans and Advances to Staff	14	2,665,453.05	2,399,094.39
Advances		3,870,000.00	7,500.00
Prepayments		143,010.40	175,855.36
Deposits	15	6,274,525.31	11,715,884.34
Fixed Deposits	16	246,290,062.60	201,625,919.11
Cash & Cash Equivalents	17	13,941,116.66	27,836,354.56
Total Assets		**349,472,561.61**	**316,197,275.18**
EQUITY AND LIABILITIES			
Equity			
Capital Grant		166,986,089.57	166,986,089.57
Revaluation Reserve		10,661,270.38	-
General Reserve		63,569,358.60	25,342,621.58
Donation Reserve		2,036,493.97	2,036,493.97
Endowment Fund	18	378,655.94	365,555.54
Total Equity		**243,631,868.46**	**194,730,760.66**
Non -current Liabilities			
Provision for Gratuity		8,542,648.94	8,138,105.03
Current Liabilities			
Income Received in Advance	19	70,398,955.00	92,012,220.00
Deposits Received	20	1,099,260.51	1,919,260.51
Trade & Other Payables	21	25,799,828.56	19,396,928.98
Total Current Liabilities		**97,298,044.07**	**113,328,409.49**
Total Equity and Liabilities		**349,472,561.47**	**316,197,275.18**

We certify that the Financial Statements of the Institute comply with the requirements of the relevant sections of the Universities Act No. 16 of 1978, and ordinance No. 03 of 1985 made by the University Grant Commission.

For and on behalf of the Board of Management.

....
P G Maithrieratne
Deputy Bursar

....
Dr. Ajantha Dharmasiri
Director

....
J K S Ranapura
Senior Assistant Registrar

POSTGRADUATE INSTITUTE OF MANAGEMENT / UNIVERSITY OF SRI JAYEWARDENEPURA

(EXPRESSED IN SRI LANKAN RUPEES)

	Actual	Budgeted	Variance
Revenue			
Registration fees (Postgraduate)	850,793.00		850,793.00
Tuition Fees (Postgraduate)	112,037,800.00	111,600,000.00	437,800.00
Examination Fees(Postgraduate)	540,200.00		540,200.00
Management Development Programmes	15,257,175.00	20,000,000.00	(4,742,825.00)
MPA Programme	6,955,300.00	14,250,000.00	(7,294,700.00)
Application Fees	801,900.00	1,000,000.00	(198,100.00)
Convocation Fees	4,198,000.00	5,000,000.00	(802,000.00)
	140,641,168.00	151,850,000.00	(11,208,832.00)
Other Revenue			-
Interest on Investments	17,361,723.50	18,000,000.00	(638,276.50)
Interest on Loans & Advances	94,461.81	74,000.00	20,461.81
Rent from Properties	14,843,405.00	15,000,000.00	(156,595.00)
Profit/(Loss) on Sale of Old Store Items	(561,445.00)		(561,445.00)
Foreign Exchange Gains	(3,428.94)		(3,428.94)
Sale of Publications	557,410.00	450,000.00	107,410.00
Library Fines & Fees	175,965.00	150,000.00	25,965.00
Extension Course on Public Policy For Business Leaders	935,000.00		935,000.00
Research Workshop	30,000.00		30,000.00
Miscellaneous Receipts	2,389,233.09	2,200,000.00	189,233.09
	35,822,324.46	35,874,000.00	(51,675.54)
Administrative Expenses			-
General Administration & Staff Services	54,446,264.85	51,500,000.00	2,946,264.85
Academic Services	43,498,719.04	46,000,000.00	(2,501,280.96)
Teaching Resources	3,061,395.30	2,500,000.00	561,395.30
Ancillary Activities	3,594,424.77	2,358,000.00	1,236,424.77
Management Development Programe	9,502,373.00	15,000,000.00	(5,497,627.00)
MPA Programme	4,672,269.51	12,000,000.00	(7,327,730.49)
Expenditure for PIM Publications	914,737.92	2,500,000.00	(1,585,262.08)
Extension Course on Public Policy For Business Leaders	401,276.40		401,276.40
Bad Debts	1,882,500.00		1,882,500.00
Depreciation	16,316,622.65		16,316,622.65
Miscellaneous Payments			-
	138,290,583.44	131,858,000.00	6,432,583.44
			-
Surplus for the year before Revaluation Gain	38,172,909.02	55,866,000.00	(17,693,090.98)
			-
Gains on Revaluation of PPE	10,661,270.28		10,661,270.28
			-
Surplus for the year before Revaluation Gain	48,834,179.30	55,866,000.00	(7,031,820.70)

POSTGRADUATE INSTITUTE OF MANAGEMENT /UNIVERSITY OF SRI JAYEWARDENEPURA
STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31ST DECEMBER 2014

(EXPRESSED IN SRI LANKAN RUPEES)

	Capital Grant	Revaluation Reserve	General Reserve	Donation Reserve	Total
Balance as at 01 January 2013	166,986,089.57	-	(15,441,666.19)	2,036,493.97	153,580,917.35
Surplus for the year	-		40,784,287.77	-	40,784,287.77
Balance as at 31 December 2013	**166,986,089.57**	**-**	**25,342,621.58**	**2,036,493.97**	**194,365,205.12**
Surplus for the year	-	-	38,172,909.02	-	38,172,909.02
Prior Year Adjustments			53,828.00		53,828.00
Gain arising on Revaluation of PPE		10,661,270.38			10,661,270.38
Balance as at 31 December 2014	**166,986,089.57**	**10,661,270.38**	**63,569,358.60**	**2,036,493.97**	**243,253,212.52**

POSTGRADUATE INSTITUTE OF MANAGEMENT /UNIVERSITY OF SRI JAYEWARDENEPURA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

(EXPRESSED IN SRI LANKAN RUPEES)

	December 31, 2014	December 31, 2013
Cash Flows from Operating Activities		
Surplus of the Year	38,172,909.02	40,784,287.77
Adjustments for:		
Depreciation	16,316,622.65	12,805,830.19
Provision for Gratuity	404,543.91	880,933.84
Loss on Sale of Old Store Items	561,445.00	-
Interest on Loans & Advances	(94,461.81)	(82,061.89)
Interest on Investments	(17,361,723.50)	(22,671,238.58)
Operating Profit Before Working Capital Changes	**37,999,335.27**	**31,717,751.33**
Change in Working Capital		
(Increase)/Decrease in Stocks	672,304.47	(3,288,553.70)
(Increase)/Decrease in Miscellaneous Advance	(3,863,200.00)	914,500.00
(Increase)/Decrease in Pre-payments	32,844.96	1,587,710.26
(Increase)/Decrease in Sundry Debtors	5,078,441.35	(62,883.62)
Increase/(Decrease) in Deposits Received	(820,000.00)	(1,564,707.14)
Increase/(Decrease) in Accrued Expenses	4,013,357.31	(401,574.91)
Increase/(Decrease) in Income Received in Advance	(21,613,265.00)	16,754,623.62
Increase/(Decrease) in Other Liabilities	2,389,542.27	(3,568,134.10)
Net Cash Generated from Operatiing Activities	**23,889,360.63**	**42,088,731.74**
Cash Flows from Investing Activities		
Purchase of Land and Building	-	(393,400.00)
Purchase of Lab and Teaching Equipment	(1,390,071.08)	(585,625.00)
Purchase of Library Books and Periodicals	(727,499.95)	(1,193,394.50)
Purchase of Office Furniture and Equipment	(8,635,533.74)	(4,299,709.26)
Sales Proceed on Sale of Old Store Items	66,805.00	-
Decrease in Loan & Advances	(266,358.66)	(212,132.78)
Investments	(44,301,225.81)	(55,128,707.51)
Interest on Loan & Advances	94,461.81	82,061.89
Interest on Investments	17,361,723.50	22,671,238.58
Net Cash Flows From/(Used) Investing Activities	**(37,797,698.93)**	**(39,059,668.58)**
Cash Flows from Financing Activities		
Endowment Fund	13,100.40	13,100.40
Net Cash Flows From Financing Activities	**13,100.40**	**13,100.40**
Net Change in Cash and Cash Equivalents During the Year	(13,895,237.90)	3,042,163.56
Cash and Cash Equivalents at Beginning of the Year	27,836,354.56	24,794,191.00
Cash and Cash Equivalents at the end of the Year	**13,941,116.66**	**27,836,354.56**

Cash and Cash Equivalents at the End of the Year Represents By;	December 31, 2014	December 31, 2013
Cash at Bank	13,941,116.66	27,836,354.56
	13,941,116.66	27,836,354.56

POSTGRADUATE INSTITUTE OF MANAGEMENT OF UNIVERSITY OF SRI JAYEWARDENEPURA
NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31ST DECEMBER 2014

1. **Reporting Entity**

The Postgraduate Institute of Management (PIM) is a semi-autonomous body affiliated to the University of Sri Jayewardenepura, established in 1986 by Ordinance under Universities Act No. 16 of 1978.

Its objectives are to promote advanced education and professionalism in management in Sri Lanka through the provision of postgraduate instruction, training, research and development in various branches of Management and Administrative Studies.

The Institute provides facilities for over 500 students at a time and it houses the lecture halls, faculty rooms, IT Centre, library and a cafeteria. The Institute maintains a professional and modern outlook in terms of quality of the premises, lecture theatres and educational equipment.

As a unique higher learning institution in the university system of Sri Lanka, PIM is self-financed and has been so since 1998. The PIM has produced over 2500 MBA and MPA Graduates and Diplomas.

2. **Management's Responsibility for Financial Statements**

The governing body (Board of Management) is responsible for the preparation and fair presentation of financial statements in accordance with the Sri Lanka Public Sector Accounting Standards.

3. **Statements of Compliance**

The financial statements have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS), Universities Act No. 16 of 1978 and Finance Act No. 38 of 1971.

Comparative Information

The accounting policies have been consistently applied by the Institute and are consistent with those of previous years. The previous year's figures have been indicated for the comparison purpose.

4. **Property, Plant & Equipment**

(a) **Cost**

Property, Plant and Equipment are recorded at cost less accumulated depreciation.

(b) **Depreciation**

Provision for depreciation is calculated using a straight-line method on the cost of all Property, Plant and Equipment other than freehold land, in order to write off such amounts over the estimated useful lives by equal installments.

Notes to the Financial Statements continued on Page 8

The annual rates used are

Buildings	5%
Furniture & Equipment	10%
Plant & Machinery	10%
Laboratory & Teaching Equipment	20%
Office Equipment	20%
Motor Vehicles	20%
Cloaks	20%
Books & Periodicals	20%

Depreciation of Property, Plant and Equipment is provided when Property, Plant and Equipment are available for use.

5. Investments

Investments which consist of short term fixed deposits are stated at cost.

6. During the year, the following assets were revaluated by Department of Valuation and the necessary accounting adjustments were incorporated in the Financial Statements on April 01, 2014.

Item	Revaluation Gain/Loss
1. Furniture	4,761,623.39
2. Office Equipment	10,424,584.76
3. Laboratory & Teaching Equipment	(4,568,125.95)
4. Plant & Machinery	43,188.18
	10,661,270.38

Provisions for depreciation of revalued items were determined taking into consideration the estimated future lifetime.

7. Current Liabilities

Current Liabilities in the statement of the Financial Position are those expected to fall due within one year from the date of the Statement of the Financial Position.

8. Retirement Benefit Obligations

(a) Defined Benefit Plan – Gratuity

As required by LKAS 19, the Institute has provided for gratuity liability based on the gratuity formula method.

According to the Payment of Gratuity Act No. 12 of 1983, the liability for payment arises on completion of 5 years continuous service by an employee.

(b) Defined Contribution Plans- University Provident Fund, Universities Pension Fund & Employees Trust Fund

In case of employees who not opted for the Pension scheme, Institute contributes 15% of gross emoluments of employees (inclusive of cost of living allowance) to University Provident Fund.

In case of employees who have joined the Pension scheme, the Institute contributes 7% and 8% of gross emoluments of employees to Universities Provident Fund and Universities Pension Fund respectively.

The Institute's contribution to the Employees Trust Fund is 3% of the gross emoluments of employees

Notes to the Financial Statements continued on Page 9

9. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Institute and associate cost incurred or to be incurred.

(a) Tuition Fee

Revenue from students as tuition fee is recognized on a time proportion basis.

(b) Interest from Investment

Interest from fixed deposits is recognized on accrual basis.

(c) Income from Projects

Income from project is recognized on completion basis.

(d) Others

Other income is recognized on accrual basis

10. Expenditure Recognition

Expenses are recognized in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the Institute and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income.

11. Cash flow Statement

Cash and cash equivalents as referred in the Cash Flow Statements comprise cash in hand and demand deposits.

The Cash Flow Statement has been prepared by using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Public Sector Accounting Standard No. 2 on Cash Flow Statement.

12. The Forman Deputy Bursar of the Institute has filed a case in the District Court of Colombo Claiming Rs.30 million from the Institute alleging that the inquiries of the Institute have caused him damage etc.

Notes to the Financial Statements continued on Page 10

POSTGRADUATE INSTITUTE OF MANAGEMENT UNIVERSITY OF SRI JAYEWARDENEPURA

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2014

(EXPRESSED IN SRI LANKAN RUPEES)

12. Cost-Property,Plant and Equipment

Cost/Reveluation	Balance as at 01.01.2014	Additions	Disposals	Adjustments	Revaluation Gain/(loss)	Balance as at 31.12.2014
Land	5,000,000.00	-	-	-	-	5,000,000.00
Rehabilitation & Renovation of Land & Building	25,864,929.74	2,660,542.28	-	-	-	28,525,472.02
Furniture	23,912,934.40	2,076,890.00	(890,750.00)	(16,101,756.79)	4,761,623.39	13,758,941.00
Lab & Teaching Equipment	27,168,602.31	1,390,071.08	(21,750.00)	(20,110,766.34)	(4,568,125.95)	3,858,031.10
Library Books & Periodicals	21,757,519.00	727,499.95	-	-	-	22,485,018.95
Motor Vehicles	12,814,997.00	-	-	-	-	12,814,997.00
Cloaks	2,074,527.00	-	-	-	-	2,074,527.00
Office Fittings & Equipments	3,050,032.04	-	-	-	-	3,050,032.04
Office Equipment	20,305,242.23	4,070,706.46	(368,750.00)	(16,432,939.31)	10,424,584.76	17,998,844.14
Plant & Machinery	5,872,567.80	-	-	(1,115,755.98)	43,188.18	4,800,000.00
Building	60,616,211.37	-	-	-	-	60,616,211.37
	208,437,562.89	10,925,709.77	(1,281,250.00)	(53,761,218.42)	10,661,270.38	174,982,074.62

Depreciation	Balance as at 01.01.2014	for the year	on disposals	Adjustments	Revaluations	Balance as at 31.12.2014
Land	-	-	-	-	-	-
Rehabilitation & Renovation of Land & Building	6,518,421.21	1,293,246.48	-	-	-	7,811,667.69
Furniture	16,054,313.13	2,975,809.52	(396,158.00)	(16,155,584.79)	-	2,478,379.86
Lab & Teaching Equipment	19,865,134.51	1,122,978.85	(16,312.00)	(20,110,766.34)	-	861,035.02
Library Books & Periodicals	17,278,917.39	1,389,960.95	-	-	-	18,668,878.34
Motor Vehicles	10,306,987.27	1,173,560.00	-	-	-	11,480,547.27
Cloaks	1,648,665.00	249,760.00	-	-	-	1,898,425.00
Office Fittings & Equipments	2,938,989.72	76,731.12	-	-	-	3,015,720.84
Office Equipment	15,910,496.14	4,410,876.17	(68,625.00)	(16,432,939.31)	-	3,819,808.00
Plant & Machinery	972,866.98	592,889.00	-	(1,115,755.98)	-	450,000.00
Building	51,226,894.80	3,030,810.56	-	-	-	54,257,705.36
	142,721,686.15	16,316,622.65	(481,095.00)	(53,815,046.42)	0.00	104,742,167.38

Carrying amount		70,239,907.24

13.Inventory

	31 Dec,2014	31 Dec,2014
Central Stores- (PIM) Publication	1,469,919.81	4,184,566.28
Central Stores-Publication	1,870,437.00	
Retail outlet	62,312.40	62,312.40
Publication (International Centre)	832,912.00	832,912.00
Diposable Items	171,905.00	
	4,407,486.21	5,079,790.68

(EXPRESSED IN SRI LANKAN RUPEES)

		31 Dec 2014	31 Dec 2013
14	**Loans and Advances to Staff**		
	Distress Loan	2,164,558.77	1,974,489.28
	Staff Loan	25,499.91	25,513.33
	Computer Loan	89,928.74	81,065.93
	Vehicle Loan	378,465.63	310,525.85
	Festival Advance	7,000.00	7,500.00
		2,665,453.05	2,399,094.39
15	**Deposits**		
	Deposits (International Centre)	438,000.00	438,000.00
	MBA-2013 Receivable	413,100.00	-
	MPA - Receivable	222,000.00	440,000.00
	Interest Receivable	5,051,425.31	8,538,384.34
	Receivable in Sale of Publication	-	417,000.00
	Receivable in PHD Programe Fee	150,000.00	1,882,500.00
		6,274,525.31	11,715,884.34
16	F/D No 220141 (BOC)	35,000.00	35,000.00
	F/D No 220209 (BOC)	50,000.00	50,000.00
	F/D No 220018 (BOC)	43,690.00	43,690.00
	F/D No 220267 (BOC)	40,000.00	40,000.00
	F/D No 8551587 (BOC)	-	1,181,136.86
	F/D No 8551588 (BOC)	-	1,181,780.82
	F/D No 9543899 (BOC)	3,353,233.22	3,034,600.20
	F/D No 9680349 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9680373 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9680289 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9680400 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9680415 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9717250 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9735361 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9735355 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9798584 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9798615 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9798638 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9802042 (BOC)	2,000,000.00	2,000,000.00
	F/D No 9802088 (BOC)	2,000,000.00	2,000,000.00
	F/D No 70393465 (BOC)	2,969,126.89	2,639,223.90
	F/D No 70393475 (BOC)	2,969,126.89	2,639,223.90
	F/D No 70393484 (BOC)	2,969,126.89	2,639,223.90
	F/D No 70393496 (BOC)	2,969,126.89	2,639,223.90
	F/D No 70393501 (BOC)	2,969,126.89	2,639,223.90
	F/D No 70431658 (BOC)	2,000,000.00	2,000,000.00
	F/D No 70431699 (BOC)	2,000,000.00	2,000,000.00
	F/D No 70431966 (BOC)	2,000,000.00	2,000,000.00
	F/D No 70486798 (BOC)	2,942,266.01	2,638,803.60
	F/D No 70486804 (BOC)	2,942,266.01	2,638,803.60
	F/D No 70505660 (BOC)	2,942,734.65	2,639,223.90
	F/D No 70505677 (BOC)	2,942,734.65	2,639,223.90
	F/D No 73188118 (BOC)	19,287,784.62	17,864,649.12
	F/D No 74147601 (BOC)	30,136,141.14	28,149,356.36
	F/D No 74811175 (BOC)	20,000,000.00	20,000,000.00
	F/D No.75405922 (BOC)	20,000,000.00	20,000,000.00
	F/D No.76263451 (BOC)	7,500,000.00	-
	F/D No.76869279 (BOC)	15,000,000.00	-
	F/D No.76869279 (BOC)	10,000,000.00	-
	F/D No 376062 (NSB)	14,568,159.35	11,772,250.00
	F/D No 424736 (NSB)	26,487,562.50	23,544,500.00
	F/D No 413214 (Peoples Bank)	20,809,938.32	18,976,781.25

POSTGRADUATE INSTITUTE OF MANAGEMENT UNIVERSITY OF SRI JAYEWARDENEPURA
NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31ST DECEMBER 2014

	(EXPRESSED IN SRI LANKAN RUPEES) 31 Dec 2014	31 Dec 2013
17. Cash & Cash Equivalents		
Bank (BOC -Borella) C/A 192596	13,600,447.07	27,493,987.56
Bank A/C (International Centre) 021580683001	87,461.00	87,461.00
Bank A/C - RFC (International Centre) 9719360	253,208.59	254,906.00
	13,941,116.66	**27,836,354.56**
18. Endowment Fund		
D.S Jayasundara Gold Medal Fund	231,572.20	218,471.80
Mr./Mrs. Kamalgoda Gold Medal Fund	28,567.74	28,567.74
Endowment Fund	118,516.00	118,516.00
	378,655.94	**365,555.54**
19. Income Received in Advance		
MPA	1,658,585.00	3,257,520.00
PHD	3,500,000.00	1,650,000.00
MBA	65,240,370.00	87,104,700.00
	70,398,955.00	**92,012,220.00**
20. Deposits Received		
Tender Deposit	45,000.00	15,000.00
Security Deposits	35,000.00	35,000.00
Miscellaneous Deposit (PIMA)	55,000.00	905,000.00
Miscellaneous Deposit	964,260.51	964,260.51
	1,099,260.51	**1,919,260.51**
21. Trade & Other Payables		
International Centre	7,860,000.00	7,860,000.00
Accrued Expenses	13,428,477.84	9,415,120.53
Subscriptions Received in Advance	1,621,808.45	1,621,808.45
MPA Provisions for Examinations Payments	-	500,000.00
Student Scholership (Forigne) Account	228,999.99	-
Wiscome Builders	2,524,569.08	-
Consultancy Fee	135,973.20	-
	25,799,828.56	**19,396,928.98**

මගේ අංකය / எனது இல. / My No. EC/E/PIM/6/14/2 ඔබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 21 August 2015

The Director,

Postgraduate Institute of Management

Report of the Auditor General on the Financial Statements of the Postgraduate Institute of Management affiliated to the University of Sri Jayewardenapura for the year ended 31 December 2014 in terms of Section 19 of Postgraduate Institute of Management Ordinance No.03 of 1985 and Section 108(1) of the Universities Act, No. 16 of 1978.

The audit of financial statement of the Postgraduate Institute of Management affiliated to the University of Sri Jayawardenapura for the year ended 31 December 2014 comprising the financial position as at 31 December 2014 and the statement of financial performance, statement of changes in equity and cash flows for the year then ended and a summary of significant accountings 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 sub Section 107(5) and Section 108 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 Section 108(1) of the Universities Act, appear in this report. A detailed report in terms of the Section 108(2) of the Universities Act, is issued to the Director of the institute on 09 June 2015.

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.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව, - இல. 306/72, பொல්துவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka
+94-11-2887028-34 +94-11-2887223 2ᴬaggov@sltnet.lk www.auditorgeneral.gov.lk

1.3 Auditor's Responsibility

My Responsibility is to express an opinion on these financial statements based on may 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 risks of material misstatements of the financial statements, whether due to fraud of error. In making those risk assessment the auditor considers internal control relevant to the Institute's preparation and fair presentation of 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 financial statements. In terms of the Section III of the Universities Act No.16 of 1978 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 basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters 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 Postgraduate Institute of Management as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2:2:1 Sri Lanka Public Sector Accounting Standards

According to the Sri Lanka Public Sector Accounting Standards 07 , the entire class of assets should be revalued when assets are revaluated. Nevertheless, assets valued at Rs.9,427,448 in respect of 04 class of revalued assets had not been revalued.

2.2.2 Accounting Policies

Even though, determination of the useful life of the assets valued by the Department of Valuation had been carried out by a separate committee, it was not satisfied in audit on the propriety of useful life estimates as the committee did not consist of a person who had an expertised knowledge on the subject.

2.2.3 Accounting Deficiencies

The following observations are made.

(a) Cost of non- current assets, cumulative depreciation, depreciation for the year and the revaluation surplus shown in the financial statements had been understated by Rs.2,904,701,Rs.2,641,326,Rs.5,240 and Rs.383,618 respectively due to the adjustments had not been made by accurately identifying the revalued cost of assets ,cumulative depreciation, according to the computations made in audit. As a result, the income of the year had been overstated by Rs.5,240 and the non -current assets had been understated by Rs.263,375.

(b) Even though, according to the interest rates stated in certificates of fixed deposits and notification of renewals, the interest income on investments in the year under review amounted to Rs.16,308,282 and interest receivable amounted to Rs.5,322,362, the income of the year and the interest income receivable had been understated by Rs.270,937 due to the interest income as Rs.5,051,425 and the interest receivable as Rs.16,037,345 shown in the financial statements .

(c) The Investment Account had been debited instead of debiting the Interest Income Account when the rectification of the interest income amounting to Rs.362,918 ,which had been over computed and accounted by the Institute.

2.3 Transactions Not Supported by Adequate Authority

The following matters were observed.

(a) Twelve training courses had been held in the year 2014 by awarding certificates with the official seal of the institution by using physical and human resources of the institute out of them 8 had been completed during the year. A sum of Rs.7,491,476 out of the net surplus of the 8 courses amounting to Rs.8,789,675 had been distributed among the staff by erroneously , interpreting the Public Finance Circular No.380 dated 19 January 2000, issued for spending money received from consultancy services .

(b) A sum totaling of Rs.350,000 had been granted by the institute as donations to the University of Sri Jayewardenapura without the approval of the Treasury.

2.4 Accounts Receivable and Payable

The following matters were observed.

(a) An international branch had been commenced by the institute in the year 2007 and that branch had been closed in September 2009 due to a fraud occurred. Nevertheless, sums of Rs.2,911,912 and Rs.11,603,217 had been continuously brought forwarded as receivable and payable balances respectively for a long period without being investigated.

(b) The Senate had decided to recover the value of bond amounting to Rs.4,312,500 by 48 instalments at Rs.89,843 per each instalment recoverable from a Lecturer who had left the service and violated the agreements. Accordingly ,the institute had not taken action to take legal action for the recovery of the amount of Rs.3,886,484, further receivable as at 31 December 2014.

2.5 Non- compliance with Laws, Rules, Regulations and Management Decisions

The following non- compliances with Laws, Rules, Regulations and Management Decisions were observed.

	Reference to Laws, Rules, Regulation etc.	Non-compliance
(a)	Section (8) (o) of the Postgraduate Institute of Management Ordinance No.03 of 1985.	Even though the approval of the Board of Management should be obtained for the investment of the money of the Institute, the institute had made investments of Rs.50 million without such approval.
(b)	Section 5.1 of Chapter ix of the Establishments Code for the University Grants Commission and Higher Educational Institutions.	A sum of Rs.932,250 had been paid as the co-ordination allowances for the year 2014 in addition to the normal salaries and allowances to two staff officers who were not entitled for overtime payment who drew monthly basic salaries of Rs.42,835 and Rs.46,720 respectively. The approval of the Treasury had not been obtained thereon. Despite, the Director of Establishment had informed in writing the Auditor General that the above payment would be suspended in the Year of Account 2013, action had not been taken accordingly.

(c) University Grants Commission Circular No.4/2013 dated 10 April 2013.	Two disposal of assets had been done by the institution and the lists of goods proposed to be disposed had not been furnished to the Auditor General. Eighty nine items of office equipment and furniture valued by the Department of Valuation at Rs.628,250 and 20 other items at Rs.66,805 and 153 items of assets assessed at Rs.669.000 on 21 February 2015 at Rs.36,410 had been sold to the employees of the institute without getting the approval of the Board of Management within few days of the valuation .It was not explained to audit that the reason for assets sold to staff such a low prizes by which the Department of Valuation had given very high valuation . 112 items out of 153 items of assets disposed had been purchased by a female officer and paid Rs.7,110, the assessment value of which was Rs. 420,750.

3. Financial Review

3.1 Financial Results

According to the financial statement presented, the operation of the institute for the year under review had resulted in a surplus of Rs.48,834,179 as compared with the surplus of Rs.40,784,288 in the preceding year. Accordingly, the growth in the financial results in the year under review amounted to Rs. 8,049,891. Increase in assets revaluation surplus by Rs.10,661,270 had been the main reason for the growth.

3.2 Legal Cases Initiated against or by the Institute.

Investigations based on the recommendations made by the report of the Committee On Public Enterprises held in the year 2009 in respect of the fraud of Rs.58.2 million at the Dubai Branch of the Postgraduate Institute of Management had been handed over to the Criminal Investigation Department on 29 March 2011. Nevertheless, any report had not been received from the Criminal Investigations Department to the Institute and any active contribution had not been given by the Institute for the acceleration of the investigations.

4. Operating Review

4.1 Management Inefficiencies

The following maters were observed.

(a) An advance of Rs.820,000 had been given for the expenditure of the repast of the convocation on 15 December 2014 to an outside person by the institute without entering into an agreement and obtaining a bond . This advance had not been settled even by 30 May 2015, the date of audit.

(b) A schedule including the items with the cost at the date proposed to value each class of 4 type of assets revalued had not been handed over to the valuers and only the items presented physically had been revalued. As such, it could not be ensured in audit whether all the items related to the class of assets had been revalued and all assets accounted at the revaluation date had existed actually at the revaluation date .Accordingly, it was observed that the above revaluation had not been carried out accurately.

4.2 Personnel Administration

The following matters were observed.

(a) The approved cadre of the institute consisted of 50 ,out of which 33 had been vacant even as at the end of the year of accounts. No any action had taken by the institute to fill the vacancies and 2 officers had been recruited on contract basis for covering up duties of the permanent posts.

(b) Posts which were not included in the approved cadre in the Human Resources Plan, had been created and the approval of the Board of Directors had not been obtained thereon. 8 officers had been recruited on contract basis without the approval of the Ministry of Higher Education for covering up duties of these posts.

The approval of the Secretary to the Treasury had not been obtained in terms of Section 9.7 and 9.10 of the Circular No.PED 12 dated 02 June 2003 to recruit those officers and to determine their salaries and allowances .

5. Accountability and Good Governance

Audit Management Committees

Even though in terms of the Public Enterprises Circular No.12 of 2 June 2003, at least 4 Audit and Management Committee meetings should be held within a year, the meetings of Audit and Management Committee for the year 2014 had not been held even as at 15 June 2015.

6. Systems and Controls

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

(a) Fixed Asset Control

(b) Stock Control

(c) Personnel Management

W.P.C Wickramaratne,

Acting Auditor General.

Views of the Institute regarding the matters raised in the Audit Report – 2014

2.2.1 **Sri Lanka Public Sector Accounting Standards**

As revaluation of assets commenced in the year 2012 and continued up to the year 2013 the assets purchased during the latter half of 2012 and during the year 2013 were not revalued. As at the date of the revaluation report there was no material deviation between the carrying value and the actual values of the aforesaid assets, these assets were accounted combined them with the revalued assets.

2.2.2 **Accounting Policies**

Out of the assets owned by the Institute only the following items were revalued, namely, furniture, office equipment, educational equipment and machinery. The person appointed as consultant to the three member committee to estimate the productive period of the assets, was a mechanical engineer who had been engaged in teaching for over 25 years. The other two members of the committee were senior executive officers who had 29 years of service in the universities. The committee thus comprised of members who had possessed maximum eligibility for the said purpose.

2.2.3 **Accounting Deficiencies**

(a) As agreed at the meeting with the Deputy Auditor General, on July 07, 2015, the un-revalued assets will be accounted at cost, in the year 2015. If any amendments are to be made adjustments will be made accordingly in the financial statement.

(b) Interest income accrued in respect of the immature deposits, as at the ending date of the financial year, has been accounted based on a statement obtained from the bank. It is the view of the Institute that accepting the interest income report prepared by the bank based on computerized data is comparatively more acceptable than a manually prepared report.

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(c) This inaccuracy will be corrected when accounts for the year 2015 are prepared.

2.3 **Transactions not supported by adequate authority**

(a) The Public Enterprise Circular No. 380 is being applied for the management development programmes conducted by the Postgraduate Institute of Management. The purpose of these programmes is to formulate and conduct training and development activities for staff members of various institutions based on their requests. The main objective of these programmes is to apply the managerial specialties possessed by the Postgraduate Institute of Management to specifically meet the training and development requirements of personnel of the corporate sector. These programmes that are of a consultancy nature, and formulated to suite the different requirements of individual organizations do not come under the category of postgraduate or diploma or certificate courses.

The incomes generated and expenses incurred by universities as well as research and consultancy services are related to the public finance circular No. 380 accepted by the University Grants Commission. The management development programmes conducted by the Postgraduate Institute of Management come under the training and consultancy services categories of this circular.In the procurement guideline No. 1.2.1 of the Consultancy Services Manual issued by the National Procurement Agency in the year 2007, the consultancy services include staff capacity building and knowledge transfer.

(b) The Institution is being run by the funds it generates. These donations have been made with the approval of the Board of Management, having been conscious of the organizational social responsibilities.

2.4 **Receivable and payable accounts**

(a) It is not possible to obtain sufficient information to ascertain the balance receivable and payable accounts pertaining to the international branch. An investigation is being conducted by the Criminal Investigations Department on the accounts of the international branch.

(b) The sureties had been made aware of the recovery of the outstanding amount from Mr. ChandanaChandrasiri, and legal action has also been instituted. However, as Mr. ChandanaChandrasiri at this moment is paying monthly a sum of Rs. 15,000/- the Board of Management has decided to allow him to pay this amount, and if there is any further balance to recover it from the funds remaining in his Employee's Provident Fund and other terminal benefits.

2.5 **Non-compliance with Laws, Rules, Regulations and Management Decisions**

(a) In the event an excess amount is available in the Institute's finances, such amounts will be invested in the state banks, with the approval of the Director. without delaying until the Board of Management meets, Action will, thereafter, be taken to obtain the covering approval of the Board of Management for such investments.

(b) The paragraph No. 5.1 of the University Establishments Code refers to payment of overtime. Payments to officers under reference have not been made on the basis of overtime, but through appointments made on an external basis, as per the powers vested in the Board of Management by para 8.(iii) of the Establishments Code. The services of these officers are extremely essential as the Institute's educational activities are conducted on weekdays from 1700h to 2100h, and also during weekends and public holidays.

As the Institute is being run on a self-financed basis, the decision to make a payment to staff officers who work after office hours and also during weekends has been entrusted to the Board of Management by the letter of the University Grants Commission, dated September 04, 2015.

(c) The items that were sold to the employees on January 30, 2014 were the assets that were identified as unusable. As it was necessary to remove soon these assets whose carrying value was zero, these items were sold to the employees on a competitive basis, calling quotations, on the approval of the chief executive of the Institute. This approval is based on the provision provided in clause 4.10 of the UGC Circular No. 2013/09. It has been considered as financially unproductive to assess the values of these assets as their values were extremely low in comparison to the Institute's total assets.

The assets sold on February 21, 2015, were those that had been identified as unusable and removed w.e.f. December 31, 2014. The carrying value of these assets was Rs. 171,905/-, and they were sold to employees by an auction, on the approval of the Institute's Director, as per clause 4.10 of the UGC Circular No. 2013/04. The basis of disposal was the highest bids obtained at the auction.

3.2 **Legal Cases Initiated against or by the Institute**

The investigation under reference is being conducted by the Criminal Investigations Department, and information is being obtained every now and then from the Institute.

4.1 **Management Inefficiencies**

(a) Certain activities of the Convocation in the year 2014 were organized by the Institute's students, and the advance under reference was provided for these activities. It is not practically feasible to obtain performance bonds from students who get involved in Institutional affairs on a voluntary basis. 95% of the advance has already been paid from funds donated by sponsors.

(b) The carrying value of most of the assets purchased during the last 29 years, when revalued had indicated zero values. As the preparation of a cost-schedule of these assets was not feasible, revaluation was done considering that all assets that had been accounted had been physically available. The Institute does not possess information on any event to the effect that all assets belonging to the Institute are not physically available.

4.2 **Management of Staff**

(a) A large number of vacancies in the Institute's cadre belong to the academic category. Although relevant interviews were conducted to fill these vacancies these positions could not be filled due to the unavailability of qualified applicants. Action has also been taken to scrap positions in the cadre that are presently considered as not relevant.

(b) As several new postgraduate course have been commenced by the Institute recruitments have been made on a contract basis depending on necessity. The Board of Management has been empowered to effect these recruitments by the institutional ordinance.

5. **Accountability and Good Governance**

Considering the issues that need to be discussed action will be taken to convene the Audit and Management committees.

Director
Postgraduate Institute of Management

December 31, 2015