



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



Annual Report -2016

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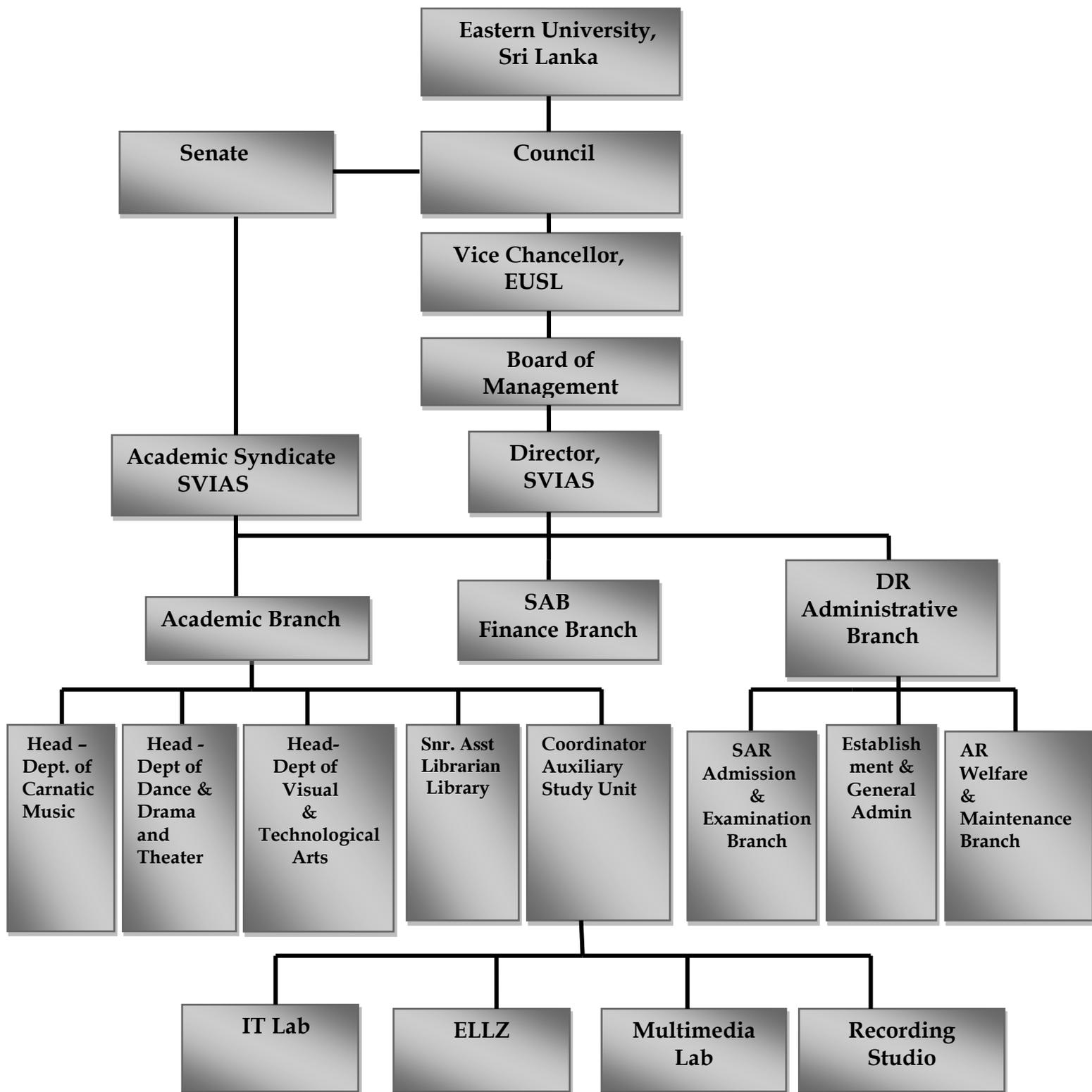
OUR VISION

TO BE
A
LEADER IN
DEMAND DRIVEN
AESTHETIC
DISCIPLINES

OUR 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

Chairperson:	Prof. T Jayasingam	Vice - Chancellor, EUSL
Director:	Dr S Jeyasankar	Director/SVIAS
Dean:	Mr.M.Ravi	Faculty of Arts & Culture, EUSL
UGC Nominee:	Mr.K.Mahesan Rev. Fr. Joseph Mary Rev.Srimat Swami Sarvarupananda Maharaj	
Council Nominee :	Retd. Prof. S. Maunaguru Dr. N. Thamilvannan	
Senate Nominee:	Prof.(Mrs) A.Murugathas Dr.V.Inpamohan	
Syndicate Nominee:	Retd.Prof.(Ms) M.Sitralega Mr.S.Sivaretnam	
Representative of Treasury:	Mr. R. Nedunchelivan	
Deputy Registrar (Secretary):	Mr.T.Vijeyakumar	

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 with effect from 14th March 2005. Dr. K. Premakumar was appointed as the second Director of the Swami Vipulananda Institute of Aesthetic Studies, Eastern University, Sri Lanka with effect from 14th April 2012. Prof. (Mrs.) A. Murugathas functioned as Acting Director for a period of eight months from 29th April 2015 to 13th December 2015. Presently Dr. S. Jeyasankar has been functioning as the Director of the Institute with effect from 14th December 2015.

3.2 Courses of Studies:

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

3.3 Statutory Boards:

Academic Syndicate: Handles all activities of academic matters.

Board of Management: Academic and Executive Body of the Institute.

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.

3.5 Workshops Conducted:

No.	Date conducted	Title of the workshop
01.	17.02.2016	Workshop on "Singing Fish at Batticaloa Fact? Or Fiction?" By Mr.Prince Casinadar, Former Member of Parliament
02.	02.03.2016	Workshop on the "Role of Responsibility of Academy (University) today" by Dr.Darshan Ambalavanar ,Independent Scholar
03.	30.03.2016	Workshop on "Valuing Art performance as Expression Radical Equality by Dr.Kiran Grewal, Senior Research Fellow, Institute for Social Justice, Australian Catholic University
04.	20.04.2016	Workshop on "Artist s an activist" by Mr.Chandragupta Thenuwara, Senior Lecturer, Faculty of Visual Art, University of the Visual and Performing Arts
05.	27.04.2016	Workshop on "Difficulties of understanding the term Islamic Art" by Prof.M.S.M Anes , Senior Lecturer,

		Department of philosophy, University of Peradeniya
06.	11.05.2016	Workshop on “Classical and Folk Art” by Prof.C.Sivasegaram , Retired Professor, Faculty of Engineering, University of Peradeniya
07.	16.05.2016	Workshop on Script writing & Drama Production by Prof.Gale, Americal Script writer and Producer
08.	25.07.2016	Workshop on “Reflection on 9 th Diary on the Arts of interpretation” by Prof.Kamala Visneswaram, Department of Ethnic Studies, University of California
09.	19.09.2016- 20.09.2016	Workshop on “Natyasasthram” by Dr.S.Raguraman
10.	17.12.2016	Workshop on “Singing Fish at Batticaloa Fact? Or Fiction?” By Mr.Prince Casinadar, Former Member of Parliament

3.6 Music & Dance Programme:

No.	Date conducted	Particulars of the Music and Dance programme
01.	02.02.2016	Thiyagaraja Swamihal Aradhana Festival
02.	21.02.2016	International Language Day
03.	06.03.2016	Niruthiya Vizha
04.	11.03.2016	Classical Dance Performance by Mr.& Mrs. Parshwanath
05.	27.03.2016 – 28.03.2017	World Theatre Day
06.	29.04.2016	World Dance Day

3.7 Infrastructure Facilities

The female hostel “Sarasavi Medura” was declared open on 09.02.2015 and it accommodates 300 students.

04. Details of Passed out students

Department	Course	Medium	2014		2015		2016	
			Intake	Passed out	Intake	Passed out	Intake	Passed out
Music	Bachelor of Fine Arts in Music	Tamil	38	30	61	27	69	69
Dance and Drama & Theatre Arts	Bachelor of Fine Arts in Dance		29	31	31	22	35	33
	Bachelor of Fine Arts in Drama & Theatre Arts		39	39	35	30	36	36
Visual Arts	Bachelor of Fine Arts in Visual Arts		46	45	45	33	49	35
Total			152	145	172	112	189	173

Annual allocation of intake of students for the courses of study - Music: 80, Dance :50, Drama& Theatre:50 and Visual Arts :50.

05. Details of Academic Staff

Department	Course	Approved Cadre	Senior Prof.	Professor	Senior Lecturer	Lecturer (Prob.)	Lecturer (Temp.)	Senior Asst. Librarian	Instructors
Music	Bachelor of Fine Arts in Music	17	-	-	02	07	07	-	01
Dance and Drama & Theatre Arts	Bachelor of Fine Arts in Dance	09	-	-	03	02	03	-	01
	Bachelor of Fine Arts in Drama & Theatre Arts	13	-	-	02	07	03	-	01
Visual Arts	Bachelor of Fine Arts in Visual Arts	11	-	-	-	06	05	-	-
Library		01	-	-	-	-	-	01	-
Computer Unit		02	-	-	-	01	-	-	01
Total		53	-	-	07	23	18	01	04

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

06. Details of Administrative Staff

Department	No of Administrative Staff	
	Approved Cadre	Filled Cadre
Establishments & General Administration - DR	01	01
Examination & Student Admissions - SAR	01	01
Finance - SAB AB	01	01
	01	01
Students Welfare - AR	01	01
Total	05	05

Total number of Administrative cadre is 05, and more cadre be created to suit the needs of the Institute

07. Details of Non-Academic Staff

Department	Technical Staff		Clerical and Allied Staff		Minor Employees	
	Approved Cadre	Filled	Approved Cadre	Filled	Approved Cadre	Filled
Music	-	-	-	-	01	01
Dance and Drama Theatre Arts	-	-	-	-	02	02
Visual & Technological Arts	-	-	-	-	02	02
Library	-	-	01	01	01	01
Finance	-	-	04	04	01	01
Establishments & General Administration	02	02	02	02	17	17
Examinations & Students Admissions	-	-	02	02	01	01
Student Welfare	-	-	01	01	01	01
Total	02	02	10	10	26	26

*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	29	29
b. No. of Innovations	01	01
c. No. of Journals	10	10
d. No. of Books	01	01
e. No. of Articles	25	25
f. Other (Proceedings , Abstracts)	33	33
Total	99	99

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. Programmes	16	16	15
b. Seminars	07	07	04
c. Workshop	25	20	08
Total	48	43	27

10. Details of Awards Received

Subject	No of Award	No of Academics	No of Students
a. Local Awards	-	-	-
b. National Awards	10	-	25
c. International Awards	01	01	-
d. Other	-	-	-
Total	11	01	25

11. Details of Capital Expenditure

Subject	2015 Rs.	2016 Rs.
a. Acquisition of Furniture & Office Equipments	23,297,515.00	4,799,211.15
b. Acquisition of Machineries	18,685,397.49	2,016,392.05
c. Acquisition of Building & Structures	21,845,231.84	12,116,551.37
d. Other	749,957.45	8,937,168.51
Total	64,578,101.78	27,869,323.08

12. Details of Recurrent Expenditure

Subject	2015 Rs.	2016 Rs.
a. Personal Emoluments	88,530,821.33	93,871,503.84
b. Travelling	146,776.36	818,515.74
c. Supplies	3,862,024.68	3,647,753.88
d. Maintenance	2,070,515.72	2,453,719.36
e. Contractual Services	24,446,631.21	30,165,217.37
f. Other	8,615,336.29	12,196,026.77
Total	127,672,16.40	143,152,736.96

Expenditure on Recurrent Expenditure increased mainly due to the payment for salary and contractual services

13. Details of Financial Progress (Expenditure)

Subject	Provision in 2016 Rs.	Exp in 2016 Rs.	Savings/ Excess Rs.
a. Recurrent expenditure Project	146,150,000	143,152,736.96	3,022,263.04
b. Capital expenditure Project			
c. Project - Local Funded	53,500,000	27,869,323.08	25,630,676.92
d. Project - Foreign Funded	-	-	
Total	199,675,000.00	171,022,060.04	28,652,939.96

14. Details of Financial Progress (Generated Income)

Source of Revenue	Provision in 2016 Rs.	Collection in 2016 Rs.	Deficit/ Surplus Rs.
a. Undergraduate Studies	400,000	1,315,800	915,800
b. Postgraduate Studies	-	-	-
c. Consultancies	-	-	-
d. Other	640,000	1,996,965.01	1,356,965.01
Total	1,040,000.00	3,312,765.01	2,272,765.01

15. Financial Performance Analysis

Subject	Formula	Exp. Per student Rs.
a. Recurrent Expenditure per Student (RE)	RE/ No of Student Strength	$\frac{143,152,736.96}{943} = 151,805.66$
b. Capital Expenditure per Student (CE)	CE/ No of Student Strength	$\frac{27,869,323.08}{943} = 29,553.90$
Total		

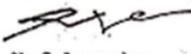
SWAMI VIPULANANDA INSTITUTE OF AESTHETIC STUDIES
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2016

Appendix- A

	Note	31/12/2016 Rs.	31/12/15 Restated Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	08	347,433,707.27	359,721,525.27
Intangible Asset	09	1,291,544.40	-
Capital Work in Progress	10	11,111,047.11	-
Total non-current asset		<u>359,836,298.78</u>	<u>359,721,525.27</u>
Current Assets			
Inventories	11	1,308,962.09	1,402,827.42
Deposit, Loan & Advances	12	12,131,277.62	8,335,430.66
Cash and cash equivalents	13	98,888,523.53	61,510,157.32
Total Current assets		<u>112,328,763.24</u>	<u>71,248,415.40</u>
Total Assets		<u>472,165,062.02</u>	<u>430,969,940.67</u>
EQUITY & LIABILITIES			
EQUITY			
Accumulated Fund(Capital Grant)/Reserve			
Accumulated Capital Grant	14	263,050,112.78	209,550,112.78
Other Grant		2,500,000.00	2,500,000.00
Donation	15	231,570,151.84	231,450,151.84
General Reserve		(52,070,952.05)	(30,803,268.21)
Total Equity		<u>645,049,312.57</u>	<u>412,696,996.41</u>
LIABILITIES			
Non Current Liabilities			
Retirement Benefit Obligation	16	5,693,527.50	5,031,837.50
Total non-current liabilities		<u>5,693,527.50</u>	<u>5,031,837.50</u>
Current Liabilities			
Accounts Payable	17	3,775,909.80	7,688,028.80
Deposits & Refundable	18	2,937,227.74	3,589,603.33
Mahapala/Bursary Payable	19	2,866,890.00	890.00
Accrued Expenses	20	11,842,194.41	1,962,584.63
Total current liabilities		<u>21,422,221.95</u>	<u>13,241,106.76</u>
Total Liabilities		<u>27,115,749.45</u>	<u>18,272,944.26</u>
Total Equity & Liabilities		<u>472,165,062.02</u>	<u>430,969,940.67</u>

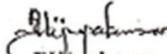
The accounting policies and notes on pages 06 to 16 form an integral part of these Financial Statements. These Financial Statements have been prepared and presented in compliance with Sri Lanka Public Sector Accounting Standards (SLPSAS) issued by the Institute of Chartered Accountants of Sri Lanka and 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.

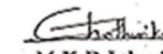

Dr. S. Jeyasankar
Director/Accounting Officer

Dr. S. JEYASANKAR
Director

Swami Vipulananda Institute of
Aesthetic Studies, EUSL


T. Vijayaraj Kumar
Deputy Registrar

T. VIJAYARAJ KUMAR
Deputy Registrar
General Administration & Establishments
Swami Vipulananda
Institute of Aesthetic Studies, EUSL
No. 10, Kandy Estate, Sri Lanka


M. K. D. Lakmali
Senior Assistant Bursar

M. K. D. LAKMALI
Senior Assistant Bursar
Swami Vipulananda Institute of
Aesthetic Studies, EUSL,
Kandy Estate, Sri Lanka

SVIAS/EUSL

SWAMI VIPULANANDA INSTITUTE OF AESTHETIC STUDIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER 2016

	Note	2016 Rs.	2015 Restated Rs.
OPERATING INCOME			
Recurrent Grant		146,175,000.00	136,900,000.00
Registration Fees (Undergraduates)		848,200.00	718,900.00
Examination Fee (Undergraduate)		467,600.00	49,000.00
Interest from Loans & Advance		197,283.26	160,756.41
Hostel fees		429,600.00	243,700.00
Fines		791,288.00	22,733.00
Rent from Properties		65,000.00	46,000.00
Medical Fees		166,000.00	101,700.00
Sales of Old Stock		28,850.00	60,135.00
Guest House Collection		4,850.00	-
Library Fine		132,243.75	-
Cost of Living Arrears (COLA)		-	35,208.12
Non Refundable Deposits		178,100.00	80,700.00
Miscellaneous Receipts		3,750.00	9,000.00
Written back of prior year overprovided expenses		172,346.90	-
		<u>149,660,111.91</u>	<u>138,427,832.53</u>
OPERATING EXPENSES			
Personal Emoluments			
Salaries & Wages		28,830,591.65	25,903,458.98
U.P.F		4,644,501.69	3,833,419.25
Pension		3,286,674.02	2,866,736.29
ETF		1,871,446.84	1,347,150.74
Acting Pay		199,126.25	500,239.22
Cost of Living Allowance		8,792,692.76	8,580,926.18
Academic Allowance		12,480,173.64	8,072,207.01
Special Allowance		5,320,965.95	5,170,172.14
Research Allowance		4,028,272.50	8,185,794.66
Overtime		2,503,011.82	1,054,838.45
Holiday pay		65,446.50	36,372.00
Other Allowance		28,800.00	14,400.00
Visiting Lecture Fees		1,894,030.00	1,601,050.00
Additional Monthly Allowance		4,610,340.03	5,160,052.89
Interim Allowance		11,272,682.92	9,320,820.90
Monthly Compensatory Allowance		1,973,629.77	1,799,269.13
Photocopy Allowance		25,200.00	17,850.00
Gratuity		2,043,917.50	5,066,063.90
Travelling	03	818,515.74	146,776.36
Supplies and Consumable used	04	3,647,753.88	3,657,008.85
Maintenance Expenditure	05	2,453,719.36	2,070,515.72
Contractual Services	06	30,165,217.37	24,412,581.21
Depreciation and Amortization Expenses		27,754,549.57	13,910,034.52
Other Operating Expenses	07	12,216,535.99	8,615,336.29
Total Operating Expenses		<u>170,927,795.75</u>	<u>141,343,074.69</u>
Surplus / (Deficit) from Operating Activities		(21,267,683.84)	(2,915,242.16)
Balance B/F		(23,872,088.21)	(27,888,026.05)
		<u>(45,139,772.05)</u>	<u>(30,803,268.21)</u>

SWAMI VIPULANANDA INSTITUTE OF AESTHETIC STUDIES
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016 Rs.	2015 Restated Rs.
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Surplus/(deficit) from ordinary activities	(21,267,683.84)	(1,269,825.74)
<u>Adjustment</u>		
Depreciation & amortization	27,754,549.57	13,910,034.52
Provision for Gratuity	2,043,917.50	5,031,837.50
Net cash flow from operating activities before working capital changes	<u>8,530,783.23</u>	<u>17,672,046.28</u>
<u>Changes in Items of Working Capital</u>		
(Increase)/decrease in inventories	93,865.33	(300,245.83)
(Increase)/decrease in deposit, loan & advances	(3,795,846.96)	5,124,410.39
Increase/(decrease) accounts payable	(3,912,119.00)	(248,351.75)
Increase/(decrease) in deposits & refundable	(652,375.59)	3,589,603.33
Increase/(decrease) in Mahapola/Bursary payable	2,866,000.00	(2,238,050.00)
Increase/(decrease) in accrued expenses	9,879,609.78	1,962,584.63
	<u>4,479,133.56</u>	<u>7,889,950.77</u>
Net cash flow from operating activities after working capital changes	<u>13,009,916.79</u>	<u>25,561,997.05</u>
Gratuity paid	(1,382,227.50)	-
Net Cash Flow From Operating Activities	<u>11,627,689.29</u>	<u>25,561,997.05</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Property Plant and Equipment	(14,916,216.77)	(66,190,826.51)
Capital Work in Progress	(11,111,047.11)	-
Intangible Assets	(1,722,059.20)	-
Net Cash Flow Used in Investing Activities	<u>(27,749,323.08)</u>	<u>(66,190,826.51)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Government Grant -Capital	53,500,000.00	50,000,000.00
Net Cash Flow From Financing Activities	<u>53,500,000.00</u>	<u>50,000,000.00</u>
Net increase / (decrease) in Cash and Cash Equivalents	37,378,366.21	9,371,170.54
Cash and Cash Equivalents at the beginning of the year	61,510,157.32	52,138,986.78
Cash and Cash Equivalents at the end of the year	<u>98,888,523.53</u>	<u>61,510,157.32</u>

SWAMI VIPULANANDA INSTITUTE OF AESTHETIC STUDIES
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31ST DECEMBER 2016

	Accumulated Fund Rs.	General Reserve Restated Rs.	Total Rs.
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
Retrospective restatement of errors (Note 21)		(6,931,180.00)	
Balance at 31st December 2015	201,708,799.72	(30,803,268.21)	170,905,531.51
Capital Grant	53,500,000.00	-	53,500,000.00
EUSL - Prior Year adjustment		-	
Surplus/(deficit) for the period	-	(21,267,683.84)	(21,267,683.84)
Balance at 31st December 2016	255,208,799.72	(52,070,952.05)	203,137,847.67

SVIAS,EUSL

AUDIT COMMITTEE REPORT -2016

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. Neduncheliyan (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 A M Mahir	Superintendent of Audit / EUSL
6. Mr M J R Bogamuwa	Internal Auditor, UGC
(d) Invitee	
7. Mrs M K D Lakmali	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 met 4 times. Details of the meetings are given below;

	Meeting No.	Date of Meeting
1	15 th	31.03.2016
2	16 th	24.06.2016
3	17 th	28.09.2016
4	18 th	26.11.2016

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 2016 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.
- Statement of Expenditure:
The Committee continuously reviewed and monitored the progress of expenditure and noted that;
 - the Institute had utilized only 1/3 of the allocated capital fund for the year under review and its shows the inefficient fund management of the Institute.
 - the fund allocated for Academic Research, Publications and Student Internship training and Career guidance programs had not been properly utilised and it shows the Academic incompetency of the Institute.
 - the Committee suggested to make an effective development plan for the year 2017 for the efficient utilization of allocated fund.

- *Delegation of Financial Authority for SVIAS -2016*

The Committee noted that the financial authority has not delegated to the officers and thus a proper internal control system on fund management could not be established. Therefore the Committee recommended to prepare a Delegation of Financial Authority to the Institution in terms of FR 157.

(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,
Eastern University, Sri Lanka
02.12.2017**



C-63 Appendix - C

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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

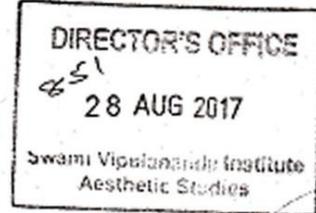
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය } ENP/BT/C/SVIAS/01/16/02 } මගේ අංකය }
 எனது இல. } } உமது இல. }
 My No. } } Your No. }

දිනය } 18 August 2017 }
 திகதி } }
 Date } }

Director,
 Swami Vipulananda Institute of Aesthetic Studies



Report of the Auditor General on the Financial Statements of the Swami Vipulananda Institute of Aesthetic Studies (SVIAS) for the year ended 31 December 2016 in terms of Sub-section 108(1) of the Universities Act, No. 16 of 1978.

The English version of the above mentioned report together with the audited financial statements is sent herewith.

H.M. Gamini Wijesinghe

Auditor General

- Copies to: -
1. Secretary, Ministry of Finance and Mass Media
 2. Secretary, Ministry of Higher Education and Highways
 3. Chairman, University Grant Commission

DK, SAG, JMR → AR
 29/02/2017



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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My No. }

ENP/BT/C/SVIAS/01/160022
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Your No. }

දිනය
திகதி } 18 August 2017
Date }

Director,
Swami Vipulananda Institute of Aesthetic Studies

Report of the Auditor General on the Financial Statements of the Swami Vipulananda Institute of Aesthetic Studies (SVIAS) for the year ended 31 December 2016 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 ("the Institute") for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statement of financial performance, statement of changes in equity and cash flow statement for the year 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 Sub-section 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.

1.2 Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and 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. 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 misstatements 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. Sub-sections (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 basis 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 given a true and fair view of the financial position of the Swami Vipulananda Institute of Aesthetic Studies (SVIAS) as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with the Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

- (a) According to the actual balance of the stocks as at the end of the year under review amounted to Rs. 1,377,111. However, this stock balance had been brought to the



financial statement as Rs. 1,308,962. As a result, the balance of the stocks had been understated by Rs. 68,149 in the statement of financial position.

- (b) According to the accounting policies of the Institute, the computer software treated as intangible assets. However, a software (LEARN) purchased in the year under review to the value of Rs. 443,386 had been shown under the computer accessories and installation instead of showing intangible assets.
- (c) Eight Air Conditioners and 90 Dustbins for which purchase order made at the end of the year under review had been received and payment made for Rs. 1,535,939 in the year 2017. However, those Air Conditioners and Dustbins had been accounted as non-current assets in the financial statements for the year under review. As result non-current assets had been overstated by the same amount.

2.2.2 Lack of Evidence for Audit

Report of the Board of Survey with respect to Library Books and Periodicals valued at Rs. 3,256,855, was not made available for audit.

2.2.3 Non-compliances with Laws, Rules, Regulations and Management Decisions

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

Reference to Laws, Rules, Regulations, etc.

Non-compliance

Financial Regulations of the Government of Democratic Socialist Republic of Sri Lanka.

(a) Financial Regulations 102 – 104

Three vehicles belonging to the Institute had met with accident during the previous year and cost of repair thereon amounting to Rs.1,171,872 had been paid in 2015. However, action had not been taken to appoint a Board of Inquires in order to ascertain the extent and cause of losses and to fix responsibilities even up to the end of the year under review.



(b) Financial Regulation 880

In terms of Public Officers (Security) Ordinance, Security deposit had not been obtained from Director, Deputy Registrar, Senior Assistant Bursar, Assistant Bursar and Two Drivers of the Institute.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Institute during the year under review had resulted in a net deficit of Rs. 21,267,684 as compared with the corresponding net deficit of Rs. 2,915,242 for the preceding year, thus showing a further deterioration of Rs. 18,352,442 in the financial results for the year under review as compared with the preceding year. The increase of depreciation and amortization expenses by Rs. 13,844,515 had mainly attributed for this deterioration.

Even though the net deficit for the year under review was Rs. 21,267,684 the value addition of the Institute after taking into account the personnel emoluments, taxes paid to the Government and depreciation for the year under review was Rs. 874,297,000. Further, The contribution of the Institute to the Country during the year under review had improved by Rs. 1,255,0000 as compared with the previous year.

4. Operating Review

4.1 Performance

Delays in releasing the Results of the Examinations

According to the Establishment Circular No. 15/2015 dated 17 November 2015 of the University Grants Commission, the results of the examinations conducted for the internal students should be released within 03 months. However, the results for the examinations conducted for the academic years 2011/2012, 2012/2013, 2013/2014 and 2014/2015 had been released after a delay of 3 to 7 months without acceptable reasons.



4.2 Operating Inefficiencies

Purchase of Water Colour Painting Tables and Sculpture Wheels

The Institute had purchased 50 sculpture wheels and water colour painting tables at a total cost of Rs. 1,312,500 in the month of August 2016 as per the request made by the Department of Visual and Technological Arts. The following observations are made in this regard.

- (a) In terms of Guideline 2.6.1 (a) of the Procurement Guidelines, the Technical Evaluation Committee (TEC) is responsible to review and approve the specifications to ensure that the specifications are generic in nature. However, the Institute had procured the above mentioned item without the approval of the TEC.
- (b) According to the purchase order and the specification, the supplier should use teak wood for the above mentioned drawing tables. However, the supplier had used very low quality timber instead of teak wood.
- (c) Even though the Technical Officer had refused to certify the payment on 22 August 2016 as the item supplied not matched with the specifications, the officer responsible for payment had made payment to the supplier on 25 August 2016 without considering the dissatisfaction of the Technical Officer.
- (d) The Co-coordinator of the Department of Visual and Technological Arts had refused to accept those items supplied by the supplier as those items not comply with the specifications. As a result, all the tables supplied by the supplier had remained idle at the premises of the Institute.
- (e) The Officer responsible for making payment to the supplier had made payment without considering refusal of the Technical Officer to recommend the payment. As a result, the entire cost incurred for this procurement had become a fruitless expenditure.

4.3 Management Weakness

The following observations are made.

- (a) Loan balances aggregating Rs. 752,515 of 06 academic and non-academic staff had remained outstanding for more than 04 years. However, the Institute was unable to take action to recover these outstanding balances.
- (b) The advances totalling Rs. 2,489,109 granted to 10 officers in 94 instances for various purposes during the year under review had been settled after delay of period ranging from 14 days to 106 days.

4.4 Human Resources Management

The following observations are made.

- (a) The post of Store-keeper had remained vacant since 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.

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 Draft Annual Report and 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 18 April 2017 after a delay of 48 days.



5.2 Action Plan

The Action Plan prepared by the Institute for the year 2016 had not included the information such as updated Organizational Structure, approved and actual Cadre, imprest requirements, Internal Audit Plan, activities for achieving the objectives etc. in terms of Section 04 of the Public Finance Circular, No. 01/2014 dated 17 February 2014.

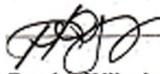
5.3 Establishment of Career Guidance Unit

The unemployment has become a major problem in Sri Lanka at present. As such, the Universities/ Higher Educational Institutions have to produce highly capable graduates required for local and global job markets. Therefore, the University Grants Commission has provided clear guidelines for the establishment and operation of the Career Guidance Units in the Universities / Higher Educational Institutions by its Circulars Nos. 819 and 934 dated 06 February 2003 and 21 October 2010 respectively. However, the Institute had not taken any action to establish and operate a Career Guidance Unit even up to 19 July 2017.

6. Systems and Controls

Deficiencies observed in systems and controls 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.

<u>Areas of System and Control</u>	<u>Observations</u>
(a) Control over the overtime works	Failure in taking action to control the overtime works.
(b) Library Administration	Failure to conduct the Board of Surveys.


 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 2016 IN TERMS OF SUB-SECTION 108 (1) OF THE UNIVERSITIES ACT, NO. 16 OF 1978

Audit Paragraph Reference	Observation												
2.2 Comments on Financial Statements:													
2.2.1 Accounting Deficiencies													
(a) According to the actual balance of the stocks as at end of the year under review amounted to Rs. 1,377,111. However, this stock balance had been brought to the financial statement as Rs. 1,308,962. As a result, the balance of the stocks had been understated by Rs. 68,149 in the Balance Sheet.	Admitted. It will be rectified in 2017.												
(b) According to the accounting policies of the Institute Computer software treated as intangible assets. However, LEARN software purchased in the year under review at the value of Rs. 443,386 had been shown under the Computer accessories and installation instead of showing intangible assets.	The amount paid for acquisition of new network system (LEARN) for the institute has been correctly mentioned under the category of communication & Telephone installation, since which was incurred to acquire the hardware items for the basic installation of LEARN connectivity.												
(c) Eight Air Conditioners and 90 Dustbins for which purchase order made at the end of the year under review had been received and payment made for Rs. 1,535,939 in the year 2017. However, those Air Conditioners and Dustbins had been accounted as non-current assets in the financial statement for the year under review. As result non-current assets had been overstated by the same amount.	Admitted. It will be rectified retrospectively in the Financial Statement of the 2017.												
2.2.2 Lack of Evidence for Audit													
The evidence indicated against the following items of accounts had not been made available for audit: <table border="0"> <thead> <tr> <th align="left">Item of Accounts</th> <th align="right">Value</th> </tr> </thead> <tbody> <tr> <td>Building and Improvement</td> <td align="right">295,385,673</td> </tr> <tr> <td>Furniture Fittings and Office Equipment</td> <td align="right">62,770,685</td> </tr> <tr> <td>Machinery</td> <td align="right">23,626,074</td> </tr> <tr> <td>Sports Goods</td> <td align="right">1,588,015</td> </tr> <tr> <td>Library Books and Periodicals</td> <td align="right">3,256,855</td> </tr> </tbody> </table>	Item of Accounts	Value	Building and Improvement	295,385,673	Furniture Fittings and Office Equipment	62,770,685	Machinery	23,626,074	Sports Goods	1,588,015	Library Books and Periodicals	3,256,855	The existing cat lock system counters all the records of Library books & periodicals. Action would be taken to Board of Survey of Library in future.
Item of Accounts	Value												
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Furniture Fittings and Office Equipment	62,770,685												
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Sports Goods	1,588,015												
Library Books and Periodicals	3,256,855												

	Library books and periodicals –Rs. 3,256,855	The existing catalog system in the Library contains all the records of books. Action will be taken to conduct Board of Survey in the future.
2:2:3 Non-compliance with Laws, Rules and Regulations and Management Decisions		
	<p>Reference to Laws, Rules, Regulation etc. Financial Regulations of the Govt. of Democratic Socialist Republic of Sri Lanka.</p> <p>Financial Regulations 102 - 104: Non-compliance: Three vehicles belonging to the Institute had met with an accident and repair cost thereon amounting to Rs, 1,171,872 had been paid in 2015. However, action had not been taken to appoint a Board of inquiries in order to ascertain the extent and cause of losses and fix responsibilities.</p> <p>Financial Regulations 880: Non-compliance: In terms of Public Officers (Security) Ordinance, Security deposit had not been obtained from Director, Deputy Registrar, Senior Asst. Bursar, Assistant Bursar and Two Drivers of the Institute.</p> <p>Financial Regulations 1647: Non-compliance: Monthly performance summaries relating to 05 vehicles had not been prepared and submitted to audit.</p>	<p>In this regard an Inquiry was held on 04.04.2017 and they submitted a report stating that the accident took place due to the negligence of the driver of the other Vehicle. It is noted that insurance claim was recovered for the repairs.</p> <p>Noted. It will be rectified in 2017.</p> <p>Noted. It will be rectified in 2017.</p>
3. Financial Review 3.1 Financial Results		
	According to the financial statements presented, the operations of the Institute during the year under review had resulted in a net deficit of Rs. 21,267,684 as compared with the corresponding net deficit of Rs. 2,915,242 for the preceding year, thus showing a deterioration of Rs. 18,352,442 in the financial results for the year under review as compared with the preceding year. The increase of depreciation and amortization expenses by Rs. 13,844,515 had mainly attributed for this deterioration.	Noted

3.2 Value Addition of the Institute																															
<p>Even though the net deficit for the year under review was Rs. 21,267,684 the contribution of the Institute to the Country during the year under review was Rs. 874,297,000. The contributions of the Institute to the Country during the year under review and in the previous four years are as follows.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total Contribution</th> <th>Value Addition</th> </tr> </thead> <tbody> <tr> <td>2012</td> <td>36,656</td> <td>40,230</td> </tr> <tr> <td>2013</td> <td>48,668</td> <td>46,282</td> </tr> <tr> <td>2014</td> <td>63,416</td> <td>46,497</td> </tr> <tr> <td>2015</td> <td>97,283</td> <td>94,368</td> </tr> <tr> <td>2016</td> <td>98,538</td> <td>77,271</td> </tr> </tbody> </table>			Year	Total Contribution	Value Addition	2012	36,656	40,230	2013	48,668	46,282	2014	63,416	46,497	2015	97,283	94,368	2016	98,538	77,271	Noted										
Year	Total Contribution	Value Addition																													
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4. Operating Review																															
4.1. Performance																															
(a) Degree Courses																															
	<p>The number of students enrolled for each Department during the last three years</p> <table border="1"> <thead> <tr> <th>Dept.</th> <th colspan="3">No. of Students enrolled</th> </tr> <tr> <td></td> <th>2014</th> <th>2015</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Music</td> <td>68</td> <td>79</td> <td>80</td> </tr> <tr> <td>Dance</td> <td>46</td> <td>49</td> <td>45</td> </tr> <tr> <td>Drama & Theatre</td> <td>25</td> <td>33</td> <td>38</td> </tr> <tr> <td>Visual & Tech Arts</td> <td>46</td> <td>44</td> <td>35</td> </tr> <tr> <td>Total</td> <td>185</td> <td>205</td> <td>198</td> </tr> </tbody> </table>		Dept.	No. of Students enrolled				2014	2015	2016	Music	68	79	80	Dance	46	49	45	Drama & Theatre	25	33	38	Visual & Tech Arts	46	44	35	Total	185	205	198	<p>The agreed upon annual allocation of students is as follows: Music – 80, Dance-50, Drama & Theatre – 50, and Visual & Tech Arts- 50. But the UGC admitted the students for various courses as per their admission policy.</p>
Dept.	No. of Students enrolled																														
	2014	2015	2016																												
Music	68	79	80																												
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(b) Cost per Student																															
	<p>The total number of total cost</p> <table border="1"> <thead> <tr> <th></th> <th>2014</th> <th>2015</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>Total No. of Students</td> <td>1031</td> <td>1052</td> <td>943</td> </tr> <tr> <td>Cost/Student Rs.</td> <td>90,987</td> <td>127,768</td> <td>181,259</td> </tr> </tbody> </table>			2014	2015	2016	Total No. of Students	1031	1052	943	Cost/Student Rs.	90,987	127,768	181,259	<p>The cost per student increased rapidly due to the increase of Recurrent expenditure and Capital expenditure and also due to the decrease of number of students.</p>																
	2014	2015	2016																												
Total No. of Students	1031	1052	943																												
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(c) Results of the Examinations

	<p>According to the Establishment Circular No. 15/2015 dated 17 November 2015 of the University Grants Commission, the results of the examinations conducted for the internal students should be released within 03 months. However, the results for the examinations conducted for the academic years 2011/2012, 2012/2013, 2013/2014 and 2014/2015 had been released after a delay of 3 to 7 months. This practice had badly affected the student's employment opportunities after pass out.</p>	<p>The theory papers as well as Practical drawings are sent for marking to the external examiners in the other Universities and it takes time for getting marking.</p> <p>Particularly in the Dept. of Visual Technological Arts there are only 05 Nos. of Probationary Lecturers and they don't have Senior Lecturers. With regard to Examinations Institute has to depend on External examiners of other Universities for setting, moderating & marking of Theory and other practical examination papers. Therefore it takes delay in releasing results. Action has been taken to release results without further delay in future.</p>
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4.2 Operating Inefficiencies

	<p>Operating Inefficiencies ----- Purchase of water colour painting table and sculpture wheel ----- ---</p> <p>The Institute had purchased 50 sculpture wheel and water colour painting tables at a total cost of Rs. 1,312,500 in the month of August 2016 as per the request made by the Department of Visual and Technological Arts. The following observations are made in this regard.</p> <p>(a) In terms of Section 2.6.1 (a) of the Procurement Guidelines, the TEC is responsible to review and approve the specifications to ensure that the specifications are generic in nature. However, the Institute had procured the above mentioned item without the approved of the TEC.</p> <p>(b) According to the purchase order and the specification, the supplier should use teak wood for the above mentioned drawing tables. However, the supplier had used very low quality of timber instead of timber teak.</p>	<p>Objectionable.</p> <p>a) Since the end user is the specialized person in this regard he has prepared the specification for the requested items and according to the specification, quotation were called from the suppliers. Further the selected supplier was made a sample according to the given specification and the end user and the Technical Officer checked the sample and issued a clear report on the sample product. Since the both of them were satisfied, the order was made to the supplier. Proper procurement procedure according to the procurement guidelines will be applied in the future procurement.</p> <p>b) Once this issue was identified by the Technical officer, goods were return to the supplier to rectify the identified issue. Accordingly supplier replaced the teak wood as per given the specification and redelivered the goods to the institute. Further Technical Officer issued a clear report on the redelivered 50 tables on 29th August 2016.</p>
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	<p>(c) Even though the Technical Officer had refused to certify the payment on 22 August 2016 as the item supplied not matched with the specification, the officer responsible for payment had made payment to the supplier on 25 August 2016 without considering the dissatisfaction of the Technical Officer.</p> <p>(d) The Co-coordinator of the Department of Visual and Technological Arts had refused to accept those items supplied by the supplier as those items not comply with the specification. As a result all the tables supplied by the supplier had remained idle at the premises of the Institute.</p> <p>(e) The Officer responsible for making payment to the supplier had made payment without considering refusal of the Technical Officer to recommend the payment. As a result, entire payment incurring for this procurement had become a fruitless expenditure.</p>	<p>c) Even though the payment has been certified & cheque has been drawn on 25th August 2016, the written cheque was hold until rectify the identified issues & redelivered the goods to the institute. Accordingly rectified goods were delivered to institute on 29th August 2016 & technical officer issued a clear report on the same date about the redelivered items and the written cheque was handed over to the supplier on 30th August 2016.</p> <p>d) Not acceptable. Since the relevant items were prepared according to the specification given by the coordinator of the Department of Visual and Technological Arts and the Technical Officer has certified that the prepared items were in accordance with given specifications. Therefor he can't refuse to use those item for the intended purpose.</p> <p>e) Incorrect, the officer responsible for making payment to the supplier has hold the payment until rectify the identified issues & the cheque was released after receiving the clear report from Technical Officer about the 50 tables.</p>
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4.3. Management Inefficiencies

(a)	<p>Loan balances aggregating Rs. 752,515 of 06 academic and non-academic staff had remained outstanding for more than 04 years. However, the Institute was unable to take action to recover these outstanding balances.</p>	<p>From the total outstanding amount, Rs. 210,357.36 amount was fully recovered from the UPF balances of the two officers in 2017 and Rs.228,523.29 & Rs. 52,336.25 outstanding from one officer & nonacademic staff member respectively will be recovered from the relevant persons once the ongoing legal cases are finalized. Further Rs. 129,166.57 outstanding</p>
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		loan balance will be recovered from the respective officer once he claiming the UPF balance from the UGC and immediate actions will be taken to recover the outstanding amount of Rs. 215,095 receivable from two nonacademic staff members who has been terminated from their position.
(b)	The advances totaling Rs. 2,489,109 granted to 10 officers in 94 instances for various purposes during the year under review had been settled after delay of period ranging from 14 days to 106 days.	Admitted. Will take necessary actions to settle the advances within 14 days in the future.
(c)	Whatever amount requested by the staff as advance had been granted by the Institute without ascertaining the nature and reasonableness of the amount requested. As a result, advances aggregating Rs. 11,110 paid in 02 instances had been settled fully by cash and 50 per cent of the advances aggregating Rs. 70,000 paid in 02 instances had been settled by cash. This practice has given opportunity to misappropriate the public funds.	Two advances has taken by the officer for the intended purposes & due to unavoidable circumstances that programs were cancelled. Accordingly they have settled the advance fully by cash. In other two instances advance has been taken to pay the members fee and other expenses of the Board of Management meeting and since some of the intended members were not attend to the meeting those advance money has been settled.
4.4. Human Resource Management		
(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.	Due to the alledged financial fraud the former Store Keeper was terminated with effect from 13.08.2012. He has filed a case at Labour Tribunal and the Case is pending. Since the case is pending. We were unable to do new appointment for the same.
(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.	Action had been taken in 2016 to fill the Cadre vacancies and no suitable candidates were found. Again in 2017 advertisement was made to fill the academic cadre (English) and Audio & Visual Technical Officer cadre. Candidates were selected and clarification was sought from the UGC for appointments and awaiting reply.
(c)	The Institute had recruited 06 temporary lecturers exceeding the approved cadre.	The immediate passed out students were recruited as Temporary Lecturers for period of one year based on the available financial provision.

(d)	Even though there was no approved carder for the post of Assistant Bursar, an Officer had been appointed for the above mentioned post without the approval of the University Grants Commission.	The UGC appointed the Asst. Bursar on 03.10.2016 and the cadre was approved by the DMS on 24.07.2017. It is noted that the UGC is the appointing authority for the recruitment of Administrative Officers.
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 18 April 2017 after a delay of 48 days.	Admitted. It will be rectified in future.
5.2 Action Plan		
	In terms of Section 04 of the Public Finance Circular, No. 01/2014 dated 17 February 2014, an annual Action Plan should include information such as updated organizational structure, approved carder and actual cadre, Imprest requirement, Internal audit plan, activities for achieving the objectives and a long-term vision. However, the Action Plan prepared by the Institute for the year 2016 had not included the above mentioned information.	Admitted. Action had been already taken to rectify the shortcomings in 2017.
5.3 Establishment of Career Guidance Unit		
	Presently unemployment problem has increased in Sri Lanka. Due to this reason, the University/ Higher Educational Institution has to produce highly capable graduates for the job market in the local and Global in various sectors. Therefore, the University Grants Commission has provided clear guidelines to establish and operating the career guidance unit in the Universities / Higher Educational Institutions in terms of Circular No. 819 dated 06 February 2003 and Circular No. 934 dated 21 October 2010 of the University Grants Commission. However, the institute had not taken any action to establish and operating the Career Guidance Unit up to date of 19 July 2017.	The Institute undertakes and implement various programmes in Social, Cultural and extracurricular activities and innovations of undergraduates throughout this study period. In addition to this workshop discussions are arranged on regular basis. Though there is no established Career Guidance Unit, all the activities are carried out through the Academic Departments to achieve the said outcome. Action will be taken to establish Career Guidance Unit in future.

6. Systems and Controls

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

<p>(a) Fixed Assets Management: Failure to update the Register of Fixed Assets and not paying attention on the revaluation of assets.</p> <p>(b) Personal Administration: Heavy costs over time had to be incurred as the service of non-academic had been obtained due to failure in filling vacancies of the non-academic staff.</p> <p>(c) Library Administration : Failure to conduct the Board of Surveys.</p>	<p>Manual fixed asset register has been already updated and revaluation of the assets will be rectified in the future.</p> <p>Since there is no cadre provision in this period over time hours has been increased.</p> <p>According to the existing manual system, details of lost books and due books can be ascertained with this information the total books details are obtained. In additions in future actions will be taken to do Board of Survey at the Library.</p>
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Dr. S. Jeyasankar

Director

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Eastern University, Sri Lanka

08.09.2017