INSTITUTE OF INDIGENOUS MEDICINE

UNIVERSITY OF COLOMBO

SRI LANKA

ANNUAL REPORT

2011

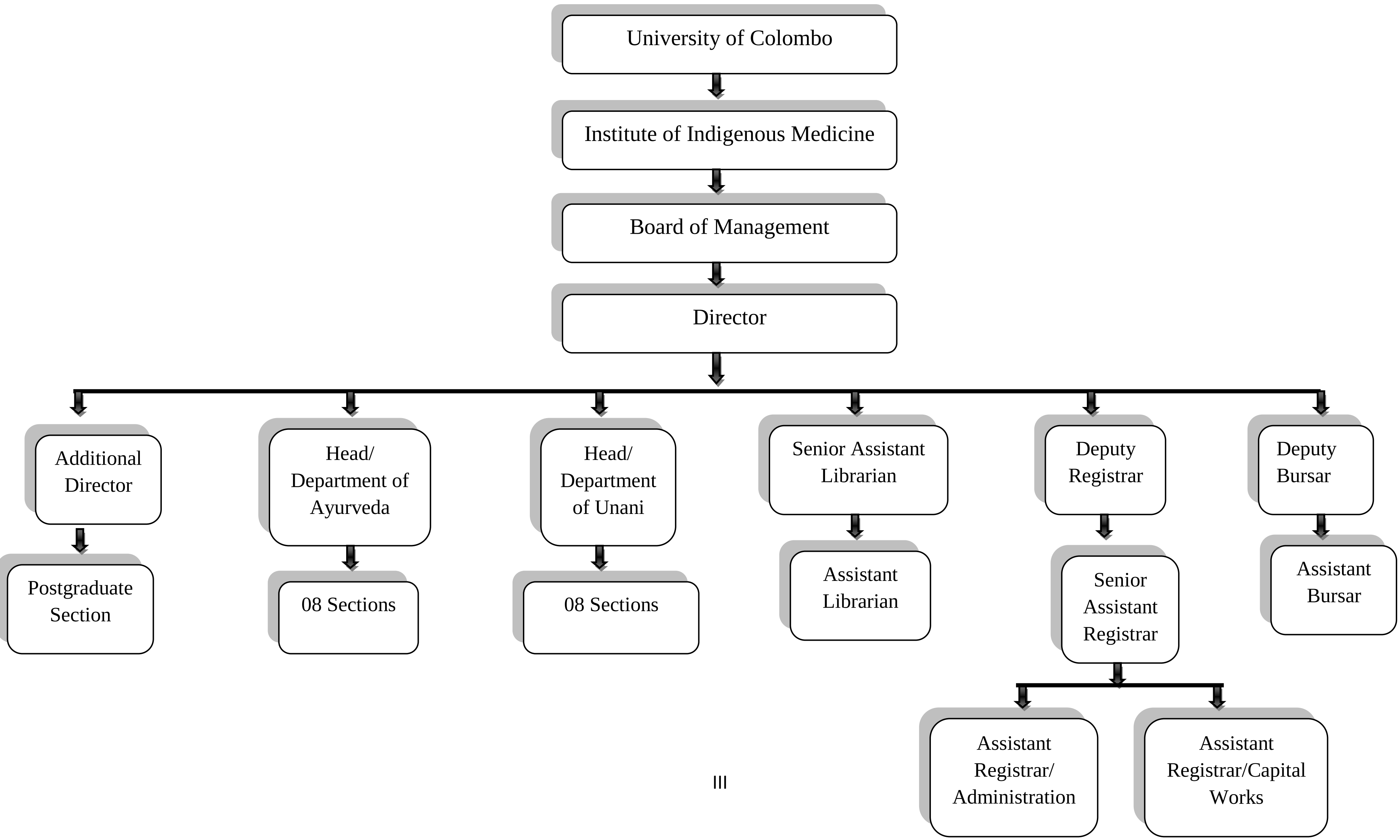
Vision

A nationally and internationally
acclaimed Centre of Excellence
in Ayurveda, Unani and
Traditional Systems of Medicine
in Sri Lanka

Mission

To conduct teaching and research towards dissemination and promotion of knowledge in the enhancement of status of Ayurveda, Unani and Traditional Medical Systems in Sri Lanka

Organizational Structure



Director's Report

It is with great pleasure and sense of pride that I present the Annual Report for the year 2011. Institute of Indigenous Medicine University of Colombo established in 1929 as the college of Indigenous Medicine. It was affiliated to the University in 1977 for the human resource development in Ayurveda, Unani and Traditional System of Medicine in Sri Lanka. By this time there are about 600 undergraduates are in the Institute and about 64 students are attending their studies in Diploma and Post Graduate Diploma courses.

In 2011 after 30 Years Institute was able to conduct the 3rd International conference on Medicinal plants and Herbal Products (ICMPHP-2011) and Ayu Medica exhibition for general Public.

In 2011 under curriculum reforms new syllabus was introduced after eighteen (18) years with new optional subjects which are presently highly demand in the Ayurvedic field. By that, it has been able to develop Ayurvedic and Unani Courses according to current needs and to train students in order to suite with the future job opportunities. For the first time in Sri Lanka required action for the introduction of MD (Ayurvedic) Post Graduate Course was taken in this year.

Lack of proper infrastructure facilities such as lecture rooms, laborites, library and insufficient financial provisions for much needed new buildings hampered the speedy development of the Institute. However renovation and rehabilitation works were carried out during this period. Accordingly, it was able to modernize lecture halls, Computer Centre, Resource Centre and the Institute's main gate. By that facilities of students and academic staff have been uplifted.

Further, I take this Opportunity to thank the Board of Management, Additional Director, Senior Assistant Registrar, Deputy Bursar, Academic and non academic staff and all those of the entire Institute who supported us in order to properly maintain the Institute's activities in year 2011. I convey my special thanks to the Undergraduate students for the cooperation with the management of the Institute.

Further, I convey my thankful gratitude to Ministry of Higher Education including Honorable Minister, University Grant Commission including Commissioner of the Commission, Colombo University including Vice Chancellor of the University for their assistance in maintaining the activities of Institute of Indigenous Medicine successfully in year 2011.

Dr. R.A. Jayasinghe
Director

Contents **Page No.**

01. OVERVIEW

1.1 Board of Management

The Board of Management of the Institute is constituted in terms of the provisions of Section 10 (1) of the IIM Ordinance of No. 07 of 1929. The Board of Management is the academic and executive body of the institute which consists of the Director (as the ex-officio Chairperson) and the following members.

(a) the Director
(b) the Secretary to the Ministry of the Minister in charge of the subject of Higher Education or the nominee of such secretary
(c) the Secretary to the Ministry of the Minister in charge of the subject of Health or the nomine of such secretary
(d) the Commissioner of Ayurveda
(e) the Director of the Bandaranaike Memorial Ayurveda Research Institute
(f) the Medical Superintendent of the Central Ayurvedic Hospital
(g) the Dean of the Faculty of Medicine of the University
(h) the Head of each Section of Study of the Institute

The following other members namely

(a) Three members elected from among its members by the Faculty of Medicine of the University
(b) one member appointed from among its own members by the Ayurveda Medical Council
(c) eight members appointed by the University Grants Commission from among persons who have rendered distinguished service in cultural, educational, professional or administrative spheres. from that at least five members so appointed shall be from among the members of the indigenous medical profession.

Director (Chairperson)
Dr. R A Jayasinghe
Sectional Head /Ayurveda
Dr. D P A Dissanayake
Sectional Head/Unani
Dr. B M Najeeb

Additional Secretary /Minisry of Higher Education
Mr. P G Jayasinghe
Additional secretary/Ministry of Health
Mr. Somaratna Vidanapathirana
Deputy Secretary /General Treasury
Mr.P A Abeysekara
Commissioner of Ayurveda
Mr. P S K R Weerakoon
Director / Bandaranaike Ayurveda Research Institute
Prof. K K D S Ranweera
Director/Ayurveda Teaching Hospital
Dr. D H Tennakoon
Dean Faculty of Medicine
Prof. Rohan W Jayasekara
Members from the Faculty of Medicine
Dr.Chrishantha Weerasinghe
Dr. Panduka Karunanayake

Members of the Ayurveda Medical Council
Dr. S M H Senabandara

Members appointed by the UGC
Dr. Priyantha Premakumara
Mr.R H M Piyasena
Dr. A G Nimal Jayasinghe
Dr. Sunil Atthapattu
Dr. (Mrs.) P M Chandrasiri
Dr. A M Aboothahir
Dr. Upali Seneviratne

Secretary: Deputy Registrar/Senior Assistant Registrar
Mr. Gamini Jayasooriya
Mrs. I K K Wijekoon from 01.10.2011

1.2 Academic Committees

1.2(1) Ayurveda Sectional Committee

Sectional Committee is entrusted with the responsibility to make recommendation on all matters connected with the courses of study, teaching programmes and examinations in the relevant branches of Indigenous Medicine.

In terms of section 15(1) of the IIM ordinance No. 7 of 1979 the Academic Commitees in 2011 were constitutes as follows

Head of the Section (Chairman of the Committee)

Dr. D P A Dissanayake,Senior Lecturer Grade 11
Dr. T D N Karunaratne, Senior Lecturer Grade(from 01.02.2011)
All the permanent lecturers are members of the Sectional Committee

1.2 (2) Unani Sectional Committee

Head of the Section (Chairman of the Committee)
DR. M H M Nazeem
Dr. B M Najeeb (from 05.08.2011)

1.2(3) Research and Higher Degrees Committee (RHDC)

Director /Chairperson
Additional Director/ Postgraduate Section
Head/Ayurveda
Head/Unani
Co-ordinator /Postgarduate Diploma in Unani
Co-ordinator /MD in Ayurveda
Co-ordinator /Postgarduate Diploma in Auyrveda
Director Ayurveda Teaching Hospital
Director of the Bandaranaike Memorial Ayurveda Research Institute
Deputy Commissioner Ayurveda
Prof. W D Ratnasooriya ,Senior Professor University of Colombo
Prof. Swarna Piyasiri –Dean (Faculty of Graduate Studies, University of Sri Jayewardenapura
Dr. Crishantha Weerasinghe –Faculty of Medicine, University of Colombo
Deputy Bursar
Deputy Registrar/Secretary

2.Departments , Centers and Units

2.1 Departments Under Ayurveda Section

Ayurveda Section consists of eight (08) departments namely

I. Moulika Siddhantha
II. Dravyaguna Vignana
III. Swasthavrittha
IV. Kaya Chikithsa
V. Deshiya Chikithsa
VI. Prasutitanthra Kaumarabritaya
VII. Shalya Shalakya
VIII. Allied Sciences

2.2 Departments Under Unani Section

Unani Section consists of eight (08) departments namely

I. Kulliyat
II. Ilmul Advia
III. Moalejat
IV. Niswan va Qubalat
V. Ilmul Jarahat
VI. Hifzan Sehat
VII. Allied Science
VIII. Deshiya Ilag

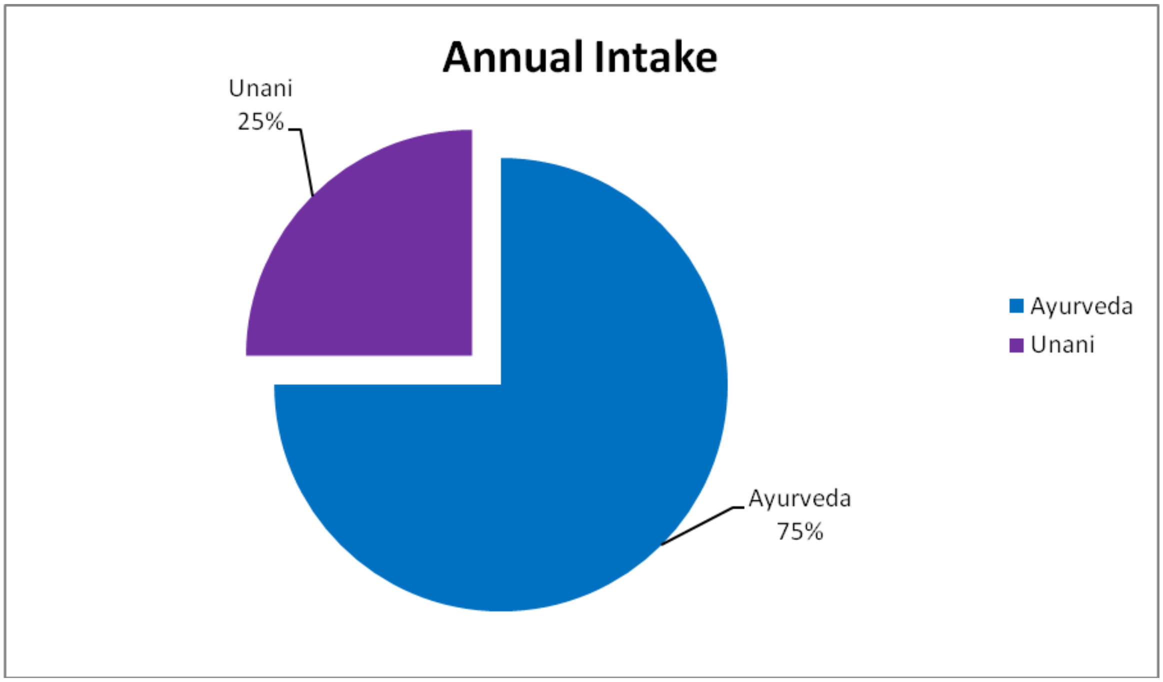
3. An overviewof Institute of Indigenous Medicine

3.1 Undergraduates student Intake

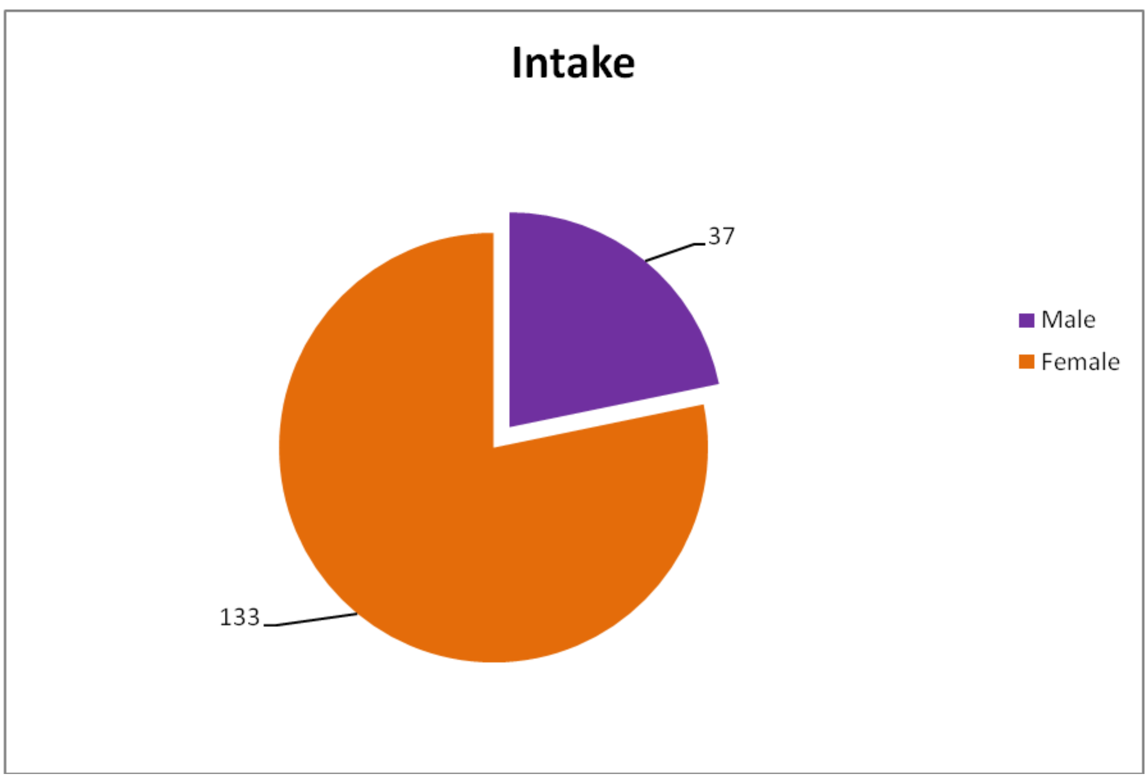
Section	**Course**	**Total students (Intake per academic year)**
Ayurveda	BAMS	150
Unani	BUMS	50

The admission to the degree programmes in Ayurveda Medicine and Surgery and Unani Medicine and Surgery are from those who qualify at the G C E Advance Level Examination offering subjects in Biological Science Stream Selection are made by the University Grants Commission. Annual intakes to both programmer are approximately two hundred (200) students.

Undergraduate Intake 2011



The Proportion of female and male students was 133 and 37 respectively



Details of students

Section	Course	Medium	Intake	1st year students	2nd year students	3rd year students	4th year students	Final year students	Number of Graduates
Ayurveda	BAMS	Sinhala English	150	143	110	92	80	43	62
Unani	BUMS	Tamil English	50	27	33	28	24	18	09
Total			200	170	143	120	104	61	71

2011 intake was 150 students for Ayurveda section and 50 students for Unani section. However 156 students were registered for Ayurveda programme and 27 students were registered for Unani programme. Those who follow Unani Programme are Muslim Students. Ayurveda and Unani students are coming to the institute all over the country.

3.2 Diploma, Postgraduate and Master Degree Programmer

Name of Programme	Number of Students	Medium
Postgraduate Diploma in Ayurveda	19	English
Diploma inAyurveda Pharmacy	45	Sinhala

During the year under review postgraduate Diploma in Ayurveda course and Diploma in Ayurveda pharmacy were conducted.

Arrangement had been made to enroll students for the postgraduate degree in (MD)(Ayu) Programme.

The Postgraduate Section continued to contribute to the Institute in the year 2011

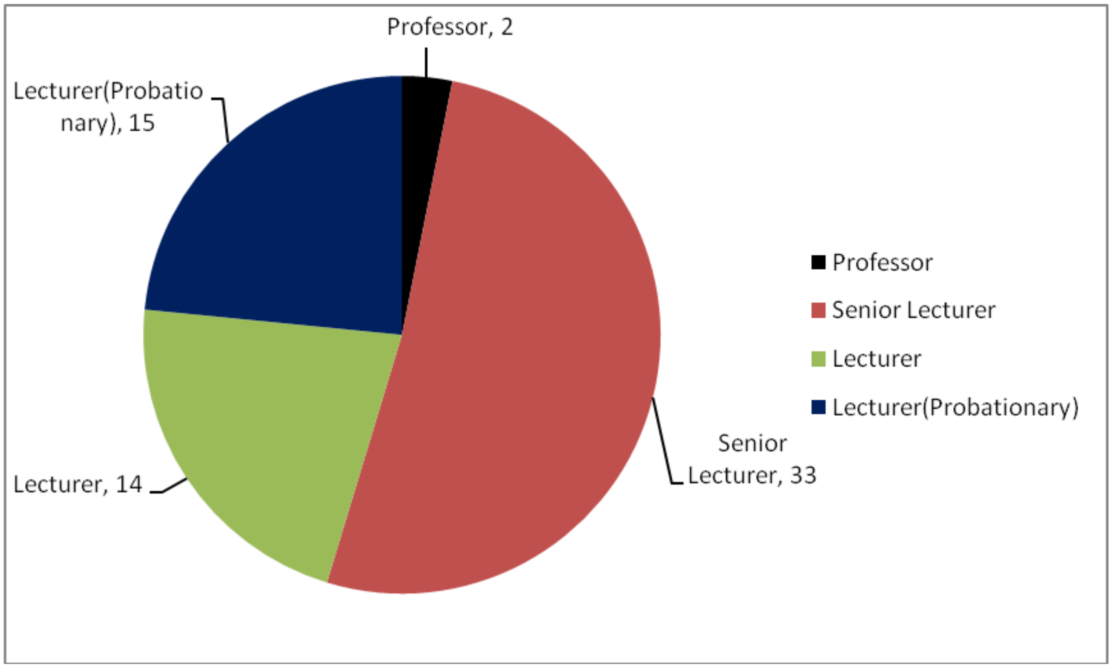
3.3 Details of Academic staff

Section	Medium	Professor	Senior lecturer	lecturer	Lecturer (probationary)
Ayurveda	Sinhala English	02	22	09	09
Unani	Tamil English	-	11	05	06
Total		02	33	14	15

There were 42 academic staff members in Ayurveda section including 02 professors, 22 Senior lecturers, and 09 lecturers and 09 Probationary lecturers.

There were 22 academic staff members in Unani section including 11 Senior lecturers 05 lecturers and 06 Probationary lecturers.

Academic staff strength -2011 (Ayurveda and Unani)



3.4 Details of Administrative staff and Non-academic staff

Post	Number
Deputy Registrar	01
Deputy Bursar	01
Senior Assistant Registrar	01
Assistant Bursar	01
	04

Details of Non-Academic Staff

Branches/Section	Senior Staff	Junior Staff	Miner employee
Director's office	02		01
Administration Branch	02		
Postgraduate section		01	01
Examinations and Student Welfare Branch	03	06	02
Establishment	01	01	01
Finance Branch	04	02	01
Library	01	05	03
Audio Visual	01		01
Ayurveda Section	04	04	12
Unani Section	01	02	03
Total	19	27	36

Total members of 82 non academic staff worked as academic support staff, management assistant, technical and non technical, skilled, semi skilled, and non skilled staff, under administration branches, workshops, departments, maintenance division and garden.

3.5 Contribution of the Academic Staff at National and International Level

Third (3rd) International conference on Medical plants and Herbal products (ICMPHP) - 9th-21th December 2011

The 3rd International conference on "Medical plants and Herbal products" received on overwhelming response for the first time bringing wide range of stakeholders on one platforms discussing a large number of issues on the role of medicinal plants and herbal products for human health on sustainable basic for millions of people who often can not afford modern Allopathic system of Medicine.

The following selected thems were discussed at the conference on three days

1. Medicinal Plants in Ayurveda Siddha and Ethonobotany
2. Cultivation, organic farming , conservation propagation of medicinal plants
3. Molecular Biology and Biotechnology of Medicinal plants
4. Herbal Products and Advanced Clinical Research on medicinal Plants
5. Herbal Cosmetics and neutracenticals
6. Patents and Intellectual property Rights (IPR); Quality control and Marketing of Herbal products

The 3rd International conference on “Medical plants and Herbal products”(ICMPHP) 2011 hosted a grand event with 316 registered participent among them 83 oral presenters and 51 poster presenters were made from seven(07) countries.

Delegates, speakers and presenters included academicians, NGO’s, Students, Policy, Makers, Government, Embassy, and officials as well as interested public have participated in the Conference and Ayumedica Exhibition.

Outcomes and Ayumedica Recommendations of the conference

1. Indigenous Traditional knowledge be documented and a database be developed to provide information of the rural communities
2. Identify hot spots for medicinal plants conservation and management in the forest and agro-forestry eco-systems extending the bio village concept.
3. Initiate and promote research for enhancement of quality in herbal medicine formulations and products so as to increase the confidence level o f consumers globally.
4. Medicinal Plants and herbal products awareness campaigns be conducted annually in all the network participating countries for all levels from students to commercial users and researches.
5. Educational Training modules to be developed suitable for students, teachers, , farmers, tribal healers and herbal product manufactures.

Ayu Medica Exhibitions from 19th to 22nd December 2011

After 25 years the Institute was able to organize national level exhibition.

1. To show the pathway of Ayurvedic Medicine for new millennium
2. To motivate the population for Ayurvedic Medicine and Ayurvedic life style.

Exhibition stalls: - There were 45 Exhibition stalls under the 08 Departments in Ayurveda and Unani as follows

1. Section 1- Basic Principles
2. Section 11 –Anatomy and Physiology
3. Section 111 –Swastavitta(Community Medicine)
4. Section IV- Materia Medica
5. Section V-Stree Roga/Kaumartabritya
6. Section V1- Deshiya chikithsa
7. Section V11- Nidana Chikithsa
8. Section V111- Shalya/Shalakya

Extra Exhibition Stalls

1. Ayurvedic Spa Hall
2. Yoga and Meditation Exhibition Hall
3. Chinese Acupuncture Exhibition Hall
4. Firearm injury (Sri Lanka Army) Exhibition Hall
5. Sri Lanka Narcotics Bureau Exhibition Hall
6. Zoological Garden Exhibition Hall
7. Indigenous Rituals etc Exhibition Hall

Exhibition Materials and Methods

1. Handouts
2. Videos
3. Specimens
4. Models
5. Posters
6. Books/Booklets
7. Medicinal Plants
8. Indigenous food Items
9. Presentations & etc

Innogaration By

Hon. S B Dissanayake - Minister of Higher Education
Hon. Salinda Dissanayake - Minister of Indigenous Medicine
Prof. Gamini Samaranayake - Chairman, University Grants Commission
Prof. Kshanika Hirimburegama – Vice Chancellor/University of Colombo
Prof. Sudashanam Gudivada - Secretary/University of Venkateshvara
Hon. Ashok K Kanta – High Commissioner of India in Sri Lanka
Dr. R A Jayasinghe – Director/IIM

3.6 Details of Research, Innovation and publications

Subject	**Published**	**Presented**
Number of Research	25	14
Number of Innovations	01	
Number of Journals	01	
Number of Books		
Number of Articles	02	
others		
total	29	14

Research and Publications – 2011
Unani Section

1. Therapeutic Clinical evaluation on the efficacy of a Unani polyherbal formula in the treatment of Nazla (Allergic rhinitis)

   Dr. MLU Salma, Dr. MSS Fawmiya

2. Nutritional and phytochemical evaluation of unconventional leafy vegetable (Glinus oppositifolius)

   Dr. MNF Rzniya

3. Role of compound powder of Satavar and Asal-e-Soos in Alamate Sin-e-Yas (Menopausal symptoms)

   Dr. H Nizamdeen, Dr. MH Faslul Hag

4. Efficacy of Unani formulae in Nazla Har

   Dr. AHA Fazeenah

5. Literary research on Humma and effective application of Daf-e-Humma drugs

   Dr. MMM Rifaee

6. Literary research on Alam and the effective application of Musakkin e Alam drugs

   Dr. AHM Mawjood

7. Comnarative study of Asalusoos (Glycyrrhiza glabro) and satawari (Asparagus racemosus) on mutlazina sinne ya's(Perimenopausal syndrome)

   Dr. MUZN Farzana

8. A comparative clinical study of the Unani compound medical preparation with special reference to the modern antilipidaemic/dislipidaemic drug Aforvastatin

   Dr. MAA Sirajudeen

9. Standerdization and Nephroprotective activity of Tukhm-e-khatmi (Altheae roseal) and Tukhm -e- kharbuza(Cucumis melo) in Albino rats

   Dr. N Fahamiya

10. Clinical evaluation of leech therapy in the treatment of knee osteoarthritis
Dr. MSM Shiffa

11. A book titled “Herbs in Unani” works are progressing on this title.
Dr. BM Najeeb

12. Evaluation of effect of application of a single herb powder on hirsuitism caused by polycystic ovarian syndrome
Dr. SM Raeesuddeen

13. Evaluation of HYpoglycomic activity of Pakhanbed(Bergenia ligulata)in diabetes mellitus on animal model
Dr. MSM Nasmeer

14. Role of shifa hair oil in the treatment of Zukam vo Nazla
Dr. MHM Hafeel

15. A book titled “ Aanmiha ulaviyal –a new guidline”
Dr. MCM Maheez

16. Introduction to Al - umoor Althabayeeya
Dr. MHM Nazeem

17. Effect of commonly consumed Sri Lanka meals on glycalnimic response in type 11 Diabetes patients (Sri Lanka diabetes diet study
Dr. AM Muthalib

18. A study on female obesity using selected traditional foods and exercises with reference to Unani food guidelines
Dr. MI Manuha

3.6 Research and Publications – Ayurvedic Section 2011

- **Prof. A.P.G.Amarasinghe 2011**

1. **A.P.G.Amarasinghe** *Scientific studies of a popular Sri Lankan Indigenous Therapeutic agent Rathakalka used in Pediatric Practice.* Sri Lanka Journal of Indigenous Medicine (SLJIM) 2011;01(01) : 44-48

2. **Amarasinghe,A.P.G.** ***Education for the development of Ayurveda and Traditional system of medicine in Sri Lanka*** . Economic Review Vo1.37 No.7 & 8 Oct/ Nov2011: 26 -28

3. W.A.A.S.Weerakoon, **A.P.G.Amarasinghe**. *Evaluate the efficacy of a selected Ayurvedic treatment schedule on Balaka Pakshaghata*. Proceedings of 3rd International Conference on Medicinal Plants and Herbal Products. 19th to 21st December2011, Institute of Indigenous Medicine, University of Colombo, Sri Lanka: 34

4. B. M. Najeeb, **A.P.G.Amarasinghe** and S.Widanapathirana. *Assay on Microbiological quality of different Ayurvedic drug formulations widely available in open market.* Proceedings of 3rd International Conference on Medicinal Plants and Herbal Products. 19th to 21st December 2011, Institute of Indigenous Medicine, University of Colombo, Sri Lanka, S3

5. Saroja Weerakoon, **A.P.G.Amarasinghe.** ***Study of the efficacy of*** *an Ayurvedic treatment regimen on Balaka Pakshaghata with special reference to cerebral palsy.* Sri Lanka Journal of Indigenous Medicine (SLJIM) 2011; 01(02): 55-58

- **Dr. P K perera**

1. Efficacy of Eeshan JuwanBee Drug on Arthritis -Journal of Ethnopharmacology,Pages 134,171-175
2. Influence of Mushroom on Diabetes as an active food - Journal of Functional Foods in Health and Disease
3. Study of active food – 8th International Conference of Functional Foods USA -2011

- **Prof. E.R.H.S.S. Ediriweera**

1. Efficacy of selected Medicianl plants on *Haemonchus contortus -3rd International Conference on Medical Plants*
2. Comparative study of Bakuchi Harithala Yoga and Bakuchi Thaila with special reference to Switra (Vitiligo)- *3rd International Conference on Medical Plants*
3. Rathnapura district rich in biodiversity with High nutritional value foods – Environmental Publication Ministry of Environment(Pages 56-69)
4. “Soba Ruva Nasana Hama Suduvena Rogayata Parisarayen Piliyam” (Treatment to the disease which destroy natural beauty and makes the skin white)- Environmental Publication Ministry of Environment(Pages 53-55)
5. “Deshiya Dhanya Saha In Labena Poshanaya” (Domestic cereals and their uses)- Environmental Publication Ministry of Environment(Pages 40-47)
6. Clinical study on the efficacy of Chandra Kaka with Mahadalu Anupana in the management of Pakshaghata (Hemiplegia)- Journal of Ayurveda, Vol.32 Pages 25-29
7. Effect of decoction of *Scoparia dulcis* on clotting time - Journal of Ayurveda, Vol.32 Pages 271-274

3.7 Details programme, Seminars and Workshop

Subject	Attended	Completed	Presented
Number of Postgraduate Degree Programme	01		01
Number of Postgraduate Diploma Programme	02		
Number of Degree Programme	02		
Number of Certificate Programme	-		01
Total	05		02

3.8 Library

The library of the Institute of Indigenous Medicine extends up to year 1929, the opening stage of the institute. The administration of this library which contains valuable Ayurvedic and Unani Medical books done by
1 Senior Assistant Librarian and
2 Assistant Librarian and Non-Academic Staff

It is functioning under six (6) main sections
1. Issuing Section
2. Reference Section
3. Periodicals Section
4. Research Section
5. Talipot Book Section
6. Book binding Section

The special section of this library is the Talipot Book Section. In that there is a large collection of Talipot Books containing valuable Ayurvedic books which mention disease prevention and prescriptions and the value of those are can not be assessed. An arrangement has already been prepared for the conservation of these books with the assistance of the National Archives Department. As well as there is a collection of various national and international magazines and books of Ayurvedic and Unani Medicine. Those help immensely for undergraduates and Post Graduate Students and scholars who engage on various researches on Ayurveda and Unani.

3.9 Sri Lanka Journal of Indigenous Medicine (SLJIM) - 2011

The journal presented by the Institute of indigenous Medicine for the advancement of the Indigenous Medicine Sector of the Country is know as Sri Lanka Journal of Indigenous Medicine.

Editorial Board of this Journal is as follows

Volume 01 No 02 Pages 51-99 December 2011 ISSN 2012 – 9238

Research/ Publication Title	Page	Name of the Doctor
Research evaluation of the Amalakyadi and its admixture's activity on stomach protection	51	Dr. SMS Samarakoon Dr. SKMK Harapathdeniya Dr. SM Chandola Dr. B Ravishankar
Evaluate the efficacy of Ayurvedic treatment schedule on Balaka Pakshaghata.	55	Prof. APG Amarasingha Dr. Saroja Weerakoon
Clinical efficacy of Dashamula Bala Thaila Mathra Vasti for the control of primary menopause.	59	Dr. Kaumadi Karunagoda Dr. Shilpa Donga Dr. Lakshmi Piryadei
Evaluation of Antibacterial quality of the Aththora on various alcoholic preparations.	64	Dr. Christi Jayaseelan Dr. S Tharmila Dr. AC Nawarathnam
Most suitable methods of cultivation of Savandara for proper growth and oil production.	70	Dr. S Subhasingha Dr. NDN Priyadarshani Dr. MTK Amarasingha Dr. IR Palihakkara
Activity of Wara Asanadi Kwaththa against the excessive blood fat on rats.	76	Dr. Athpri G Ramachandran Dr. B. Ravishankar Dr. Siyam Prasad Dr. Wijekumar Dr. BK Ashok

Anti bacterial quality of the "Accumas" Mouthwash.	83	Dr. S Tharmila Dr. T. Thileepan Dr. AC Nawarathnam Dr. R Sri Karan
Activity of Counter Rhumatic Juan B (YJB) herbal medicinal compound as the selected Satitokin aims of Rhumatoid Arthritis.	86	Dr. Kamal Perera Dr. Yunman Lee
Evidence based Ayurveda on upliftment of mental health.	91	Dr. Nisha Oja Dr. Abimandu Kumar

4 INTERNATIONAL LINKS

1. Mou signed with Hebei United University, Taugshan, China

   Under Mou signed between IIM and Hebei united University in Chaina five senior academics of IIM awareded placement for a three months short term residential training programme from 29.08.2011 to 08.11.2011

2. Mou signed with Hamdard University in India

   Unani section has signed Mou with Hamdard University in India to get assistance to upgrade course in Unani.

5 FINANCE AND ACCOUNTING

1. Details of Recurrent Expenditure

Subject	2010	2011
a. Personal Emoluments	89,8177,91	109,361,139
b. Traveling	133,800	1,371,217
c. Supplies	5,804,536	4,997,243
d. Maintenance	1,850,759	1,598,880
e. Contractual Services	14,979,008	14,458,765
f. Others	4,227,472	2,528,446
Total	116,813,366	134,315,690

2. Details of Capital Expenditure

Subject	2010 Rs.	2011 Rs.
a. Acquisition of furniture &Office Equipments	2,450,946	5,766,298
b. Acquisition of Machineries	-	350,000
c. Acquisition of Building Structure	2,799,614	15,342,864
d. Other	-	-
Total	5,250,260	21,459,165

3. Details of Financial Progress (Expenditure):

Subject	Provision in 2011 Rs.	Exp in 2011 Rs.	Savings/Excess Rs.
a. Recurrent expect Project	152,460,448	146,100,878	6,359,570
b. Capital expect Project	25,000,000	21,459,165	3,540,835
c. Project – Local funded			
d. Project – Foreign funded			
Total	177,460,448	167,560,043	9,000,405

4. Details of Financial Progress (Generated Income):

Source of Revenue	Provision in 2010 Rs.	Collection in 2010 Rs.	Deficit/Surplus Rs.
a. Undergraduate Studies			
b. Postgraduate Studies	2,090,000/-	1,273,741/-	(816,259/-)
c. Consultancies			
d. Other	1,750,000/-	700,000/-	(1,050,000/-)

5. Financial Performance Analysis – 2011:

Subject	Formula	Exp. Per Student Rs.
a. Recurrent Expenditure per Student (RE)	628/146,100,878 student	232,644
b. Capital Expenditure per Student (CE)		34,170

Institute of Indigenous Medicine

University of Colombo

Final Accounts

2011

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රාජගිරිය ශ්‍රී ලංකාව
Rajagiriya Sri Lanka

INSTITUTE OF INDIGENOUS MEDICINE
UNIVERSITY OF COLOMBO

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අධ්‍යක්ෂ Director: 2861399, 2697175, ෆැක්ස් Fax:	2469710	නියෝජ්‍ය මූල්‍යාධිකාරී Deputy Bursar:	2689153
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My No: IIM/FS/2/2012	Your No:	Date: 27.08.2012

Auditor General,
Auditor General Department,
Independent Square,
Colombo -07.

Dear Sir,

<u>Presentation of (Amended) Financial Statements of the Institute of Indigenous Medicine University of Colombo for the year 2011</u>

I have great pleasure in submitting the Annual Financial Statements of the Institute of Indigenous Medicine, University of Colombo for the year ended 31st December,2011, In terms of section 106(1),(2) and 107(b) of the Universities Act No.16 of 1978 as amended Act No. 07 of 1985 and in terms of Finance Act No. 38 of 1971.

The (Amended) Annual Financial Statements for the year 2011 are submitted within the stipulated time limit as required by section 3(a) of the Public Finance Circular No. PF/PE/21 and the section 107(1), (b) of the Universities Act No. 16 of 1978.

Thank You,
Yours Faithfully,

Sunimal Senaratne
Director,
Institute of Indigenous Medicine,
University of Colombo.

C.c.
1. The secretary, Ministry of Higher Education
2. The Chairman, University Grants Commission
3. The Vice-Chancellor, University of Colombo
4. Director General, Department of National Budget
5. Accountant, University Grants Commission
6. Superintendent of Audit, Public Library
7. Chief Internal Auditor, Internal Audit Division, UGC

CONTENTS PAGE

<u>Part - I</u>

INSTITUTE OF INDIGENOUS MEDICINE-UNIVERSITY OF COLOMBO
STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2011

	Notes	2011	2011	2010	2010
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non -Current Assets					
Property, plant and equipment	1	1,476,095,128		108,745,969	
Investments (LT)	2	228,218		122,116	
Other Assets	3	2,825,122		2,955,781	
Work in Progress		0		0	
			1,479,148,468		**111,823,866**
Current Assets					
Stores Advance A/C		1,655,564		884,430	
Receivables	4	23,363,435		23,494,986	
Cash at Bank	5	10,072,054		6,613,608	
Total Assets			**35,091,053**		**30,993,024**
			1,514,239,521		**142,816,890**
LIABILITIES					
Current Liabilities					
Payables	6	7,078,842		5,421,011	
Deferred Income	7	1,924,981			
Accrued Expenses	8	1,538,128		2,198,500	
			10,541,951		**7,619,511**
Non -Current Liabilities					
Provision for Gratuity		39,119,818		13,902,165	
			39,119,818		**13,902,165**
Total Liabilities			**49,661,769**		**21,521,676**
Total Net Assets			**1,464,577,752**		**121,295,214**
NET ASSETS / EQUITY					
Capital Grant - Spent	9	190,830,053		242,689,849	
Work in Progress				0	
Capital Grant - Unspent		5,248,465		5,663,245	
General Reserve	10	-115,056,586		-138,487,746	
Accumulated Fund	11	1,383,555,820		11,429,866	
			1,464,577,752		**121,295,214**
Total Net Assets / Equity			**1,464,577,752**		**121,295,214**

Certified & Correct

Sunimal Senaratne	S. Sirimanne	L.L.W. Perera
Director	Deputy Bursar	Deputy Registrar

INSTITUTE OF INDIGENOUS MEDICINE-UNIVERSITY OF COLOMBO
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st DECEMBER 2011

	Note	2011	2010
Operating Revenue		Rs.	Rs.
Recurrent Grant		139,220,104	104,100,000
Govt. Grant for Rehabilitation Improvement		835,712	
Govt: Grant - Mahapola Trust Fund		3,605,550	2,487,550
Govt: Grant - Mahapola- UGC		730,100	1,382,500
Govt: Grant - Bursary- UGC		4,612,950	4,538,700
Other Income	12	5,326,443	1,798,041
Amortization		24,455,028	
		178,785,887	**114,306,791**
Operating Expenses			
General Administration	13	49,101,908	49,604,297
Academic Services	14	83,631,775	65,258,641
Library Services	15	7,217,081	6,562,438
Hostels	16	3,242,529	4,075,940
Postgraduate Expenses		2,036,183	604,569
Bhaisajja Expenses		1,253,741	
Depreciation and Amortizations Expenses		26,639,718	14,242,657
Increase in Provision for Gratuity		30,258,274	12,208,291
Research Expenses-W.H.O		16,560	46,440
Audit Fees		400,000	545,717
Rehabilitation & Improvement Expenses		835,712	
Total Operating Expenses		**204,633,481**	**153,148,990**
Surplus / (Deficit) from Operating Activities		**-25,847,594**	**-38,842,199**

Mr. S. Sirimanne
Deputy Bursar

INSTITUTE OF INDIGENOUS MEDICINE-UNIVERSITY OF COLOMBO
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31st DECEMBER 2011

	Notes	General Reserve	Capital Grant Spent	Capital Unspent	Revaluation Reserve	Accumulated Fund	Total
		Rs.			Rs.		Rs.
Balance at 31st December 2009		-99,595,704	236,944,536	5,663,245	0		143,012,077
			5,745,313				5,745,313
Net gains and losses not recognized in the statement of financial performance		-49,843					-49,843
Surplus / Deficit for the period		-38,842,199					-38,842,199
Amotization							
Balance as at 31st December 2010		-138,487,746	242,689,849	5,663,245	0	11,429,866	121,295,214
Surplus/Deficit on revaluation of properties					1,361,888,931		1,361,888,931
Amortization		47,335,571	-71,790,599				-24,455,028
Acquisition of Assets			19,930,803				19,930,803
Receipts				20,360,830		10,237,023	30,597,853
Expenses				-20,775,610			-20,775,610
Net gains and losses not recognized in the statement of financial performance	**17**	1,943,183					1,943,183
Surplus / (deficit) for the period		-25,847,594					-25,847,594
Balance at 31st December 2011		**-115,056,586**	**190,830,053**	**5,248,465**	**1,361,888,931**	**21,666,889**	**1,464,577,752**

Mr. S. Sirimanne
Deputy Bursar

INSTITUTE OF INDIGENOUS MEDICINE-UNIVERSITY OF COLOMBO
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2011

	Notes	2011		2010	
		Rs.	Rs.	Rs.	Rs.
Cash Flow from Operating Activities					
Surplus / (deficit) from ordinary activities		-25,847,594		-38,842,199	
Non-cash movements					
Other Adjustments	18	1,159,148		-62,408	
Depreciation		26,639,718		14,242,657	
Amortization		-24,455,028			
Provision for Gratuity		25,217,653		11,859,011	
Increase/Decrease in Working Capital					
Increase in Receivables	19	-639,583		6,109,928	
Increase in Deferred Income		1,924,981			
Increase in Payables	20	1,657,831		302,794	
Decrease in Accrued Expenses		-660,372		734,351	
Net cash flow from operating activities			4,996,754		-5,655,866
Cash flow from Investing Activities					
Purchase of plant and equipment		-20,775,610		-5,243,136	
Net cash flow from investing activities			-20,775,610		-5,243,136
Cash flow from financing activities					
Capital Grant		20,350,000		9,800,000	
Increase in Restricted funds		-1,112,698		174,140	
Net cash flows from financing activities			19,237,302		9,974,140
Net increase / (decrease) in cash and cash equivalent			3,458,446		-924,862
Cash and cash equivalent at the beginning of period			6,613,608		7,538,470
Cash and cash equivalent at the end of period	05		10,072,054		6,613,608

Mr. S. Sirimanne
Deputy Bursar

Institute of Indigenous Medicine , University of Colombo
Trial Balance as at 31.12.2011

	Description	Debit Rs.	Credit Rs.
111001	Capital		190,830,053.17
111002	Unspent Capital Grant		5,248,465.23
113001	Special Grant		0.00
113002	DAFP/2006/07 Dr. Ediriweera		64,267.10
113004	Special Fund - Dr.Anoma Jayasiri		300.00
113005	DAFP/2010/12- Dr. Anoma Samarawickrama		50,000.00
113006	DAFP/2010/03-Dr. Jeewani		59,833.00
122001	General Reserve	89,208,988.00	
132002	Special Fund-Bhaisajja		857,355.01
132003	Special Fund-Bhaisajja(201)		753,320.50
133101	Endowment fund- dr. Lakshman de Silva		105,635.62
134002	Gift & Donations		21,040,181.96
134003	Scholarship Edirisinghe		0.00
1333	Director's Fund		274,180.00
1334	Divisional Development Fund-Drawyaguna		137,310.00
16101001	Tender Deposits		22,200.00
16101002	Security Deposits(Employer)		5,000.00
16101003	Hostel Deposits		204,172.30
16101004	Bursary Unpayment		183,500.00
16101005	Mahapola Unpayment		6,250.00
16101006	Other Deposits(Fuel Deposits)	75,000.00	
16101007	Bid Dond		86,000.00
16101008	Security Deposits		327,382.79
16101009	Research Expenses		0.00
16101010	Deposits for Library Books		59,460.00
16101011	Deposits for Canteen		31,150.00
16101013	Provision for Depreciation		73,975,288.16
16101015	Insurance Imprest		0.00
16101016	Cancel Cheques		141,691.52
40640	Unpaid Salaries		40,640.00
16101019	Unpaid Examination Fees		86,274.13
16101022	Unpaid Certificate Income		290.00
161011020	Provision for Gratuity		39,119,817.50
16102001	Miscellaneous Deposits		295,721.30
162007	Salaries Payable		1,195.62
162010	U.P.F. Loan Payable	0.00	
163001	Audit Fees	400,000.00	
163002	Accrued Expenses		1,538,127.91
166001	Retention	200.72	
2101038	Capital- Building-103	276,400,000.08	
2101041	Vehicle A/C	5,885,000.00	
2101064	Capital- Building-101	80,309,549.60	
2102003	Capital-Office Equipment-102	0.00	
2102004	Hostel Equipment	0.00	
2103002	Capital-Office, Lab &Teach Equipment-102	17,661,480.59	
2104001	Capital-Books & Periodicals	17,642,680.26	
2103004	Furniture	26,271,911.47	
2102008	Sports Equipment	29,580.00	
2108A	3rd Ayurvedic Exhibition		1,994,066.29
221	Endowment Fund - Sarath Gamini Ranasinghe		65,069.46
221001	Endowment Fund - Edirisinghe		10,048.86
221002	Endowment Fund - Konthasinghe		24,411.47
221004	Endowment Fund - Banagala		10,050.00
225001	Retention Money Capital		2,264,118.23
225002	Fixed Deposit	0.00	
2301001	Stores Advance A/C	1,655,563.67	
2302012	Over Deposit		488.00
2302013	Oriental Medical Fund		60,000.00
2303001	Distress Loan	16,965,622.01	
2303002	Staff Loan	351,038.55	
2303003	Vehicle Loan	1,836,180.22	

2303004	Computer Loan	988,460.00	
2303005	Special Distress Loan	37,500.00	
2303009	Festival Advance	216,248.67	
2303010	Salary Advance	178,000.00	
2303011	Special Advance		2,250.00
2304001	Mahapola Scholarship Advance	0.00	
2305	Advance for Insurance		0.00
2305001	Miscellaneous Advance	1,093,441.37	
2305003	Repair Advance	133.00	
2305005	Service Advance	0.00	
2305009	Security Deposits Savings	5,000.00	
2305012	Book Advance		900.57
23081	Treasury Deposits		0.00
2310001	P.B- Borella-078100192268358	2,695,047.06	
2310002	P.B- Borella-07810012268390	5,248,465.23	
2310003	P.B- Borella-07810012268432	1,238,728.47	
2310004	P.B- Borella-078100172268458	889,814.29	
2312001	Pre Payments	179,400.50	
2313002	Pety Cash- Shroff	0.00	
2314006A	Receivable Mahapola	307,300.00	
2314007	Cash Transfer A/C		0.00
270003	W.H.O. Expenses	16,560.00	
301B	Govt. Grant-Recurrent		139,220,104.00
304	Interest from Investment		2,005.18
30203	Received from Mahapola Fund		3,605,550.00
30204	Received from Mahapola UGC		730,100.00
30205	Received Bursary UGC		4,612,950.00
30207	Research Fund-Dr. Hapuarachchi		17,492.10
303	Interest from Loan		895,142.21
306	Rent from Properties		95,856.00
308C	Miscellaneous Income		173,222.80
310009	Convocation Fee		4,800.00
310010	Examination Fees		10,435.00
310011	Hostel Fees		210,805.00
310012	Certificate Income		5,791.00
310015	Tender Fees		18,000.00
310016	Registration Fees		364,660.00
313	Post Graduate income		2,036,182.52
318	Library Fines		63,941.62
310018	Sales of Publication		7,800.00
318B	Sales of Old Stores		107,705.00
318C	Sales of Old Books		1,555.00
16101023	Post Graduate Expenses	2,036,182.52	
319	Differred Income -Postgraduate Expenses		493,255.16
319A	Differred Income-Postgraduate Expenses New	256,742.29	
324/1	Investment A/C- Edirisinghe	23,049.26	
324/2	Investment A/C- Konthasinghe	10,100.00	
324/3	Investment A/C- Hostal Deposits	25,000.00	
324S	Investment A/C- Sarath gamini Ranasinghe	65,069.06	
8029902	Investment A/C- Lakshman De Silva	100,000.00	
3281	Receivable Interest	6,113.08	
4101041	Personal Emoluments-A	430,439.46	
4101042	Personal Emoluments-NA	12,338,802.12	
410102	Travelling & Subsistance	321,483.21	
410103	Supplies	2,221,206.66	
410104	Maintenance	1,105,579.76	
410105	Contractual Services	11,929,394.05	
410106	Other Recurrent Expenses	1,111,538.37	
440110	Financial Assistant to Students	8,712,800.00	
410202	Travelling & Subsistance	1,450.00	
410203	Supplies	281,951.46	
410204	Maintanance	6,496.00	
4102041	Personal Emoluments-A	165,025.00	
4102042	Personal Emoluments-NA	4,899,109.78	
410205	Contractual Services	33,778.28	
410206	Other Recurrent Expenses	128,158.14	

410503	Supplies	639,132.51	
410504	Maintanance	226,414.00	
4105041	Personal Emoluments-A	18,106.00	
4105042	Personal Emoluments-NA	4,485,162.89	
410505	Contractual Services	25,600.00	
410506	Other Recurrent Expenses	20,280.00	
420902	Travelling & Subsistance	1,047,883.97	
420903	Supplies	1,580,116.53	
420904	Maintanance	192,283.16	
4209041	Personal Emoluments-A	67,234,218.04	
4209042	Personal Emoluments-NA	11,873,749.55	
420905	Contractual Services	471,433.81	
420906	Other Recurrent Expenses	1,232,088.83	
430102	Travelling & Subsistance	400.00	
430103	Supplies	244,798.48	
430104	Maintanance	44,553.12	
4301041	Personal Emoluments-A	1,526,209.16	
4301042	Personal Emoluments-NA	5,326,306.85	
430105	Contractual Services	38,433.13	
430106	Other Recurrent Expenses	36,381.00	
450312	Other Operating Expenses	30,258,273.75	
480103	Supplies	40,036.56	
480104	Maintenance	23,554.00	
4801041	Personal Emoluments- A	13,644.00	
4801042	Personal Emoluments- NA	1,140,367.55	
480105	Contractual Services	2,024,925.55	
49001	Depriciation A/C	26,639,717.59	
16211	Pre-Receipt from Bhaisajja		210,000.00
163002/1	Payable A/C Post Graduate		80,000.00
163002/2	Pre-Receipt from Post Graduate		861,991.00
2314006/2	Receivable Bursary from UGC	813,800.00	
2314006/B	Receivable Bhaisajja Income	315,000.00	
30208	Receipt-Bhaisajja		1,253,741.24
310/A	Other Income		74,800.00
319/A	Bhaisajja Expenses	1,253,741.24	
131003	Revaluation Reserve		1,361,888,931.00
301c	Govt Grant Rehabilitation		835,712.48
112002	Rehabilitation & Improvement Expenses	835,712.48	
2109001	Plant & Machinery	1,590,236.00	
2102007	Computers	6,605,100.00	
2101004	Land	1,120,500,000.00	
318/1	Amortization Income		24,455,028.00
		1,882,314,022.01	**1,882,314,022.01**

Notes to the Statement of Financial Position

2010	Note - 01(Schedule A)			2011
	Property, Plant and Equipment	**Cost**	**Acc. Depr^**	**Wdv**
Rs.		Rs.	Rs.	Rs.
	Land	1,120,500,000	0	1,120,500,000
63,595,127	New Building (103)	276,400,000	13,820,000	262,580,000
9,238,120	Furniture & Equipment(102)	17,661,481	3,313,943	14,347,538
2,801,891	Lab & Teaching Equipment(102)	26,271,911	2,583,076	23,688,835
32,064,661	Building (101)	80,309,550	37,244,231	43,065,319
1,046,170	Motor Vehicles	5,885,000	1,177,000	4,708,000
	Plant Machinery	1,590,236	61,797	1,528,439
	Computers	6,605,100	928,103	5,676,997
108,745,969		**1,535,223,278**	**59,128,150**	**1,476,095,128**

Note - 02

Investments (LT)

Rs.		Rs.	
	Awards		
21,050	Edirisingha	23,049	
10,100	Konthasingha Scholarships	10,100	
60,966	Sarath Ranasingha	65,069	
	Dr Lakshman De Silva	100,000	
			198,218
	Others		
25,000	Hostel Deposits	25,000	
5,000	Secuirity Deposit (Shroff)	5,000	30,000
122,116			**228,218**

Note - 03(Schedule B)

Other Assests

		Cost	**Acc. Depr^**	**Wdv**
Rs.		Rs.	Rs.	Rs.
2,955,781	Library books & Periodicals	17,642,680	14,845,166	2,797,514
0	Sports Goods	29,580	1,972	27,608
2,955,781		**17,672,260**	**14,847,138**	**2,825,122**

Note - 04

Receivables

Rs.			Rs.
22,985,767	Loan & Advances	**(Schedule C)**	20,573,048
32,491	Miscellaneous Advance	**(Schedule D)**	1,093,441
-901	Book Advance		
201	Retention		200
75,000	Fuel Deposits		75,000
102,299	Pre Payments	**(Schedule E)**	179,400
300,000	Bursary Advance		0
129	Receivable Interest		6,113
	Repair Advance		133
	Receivable Mahapola		307,300
	Receivable Bursary from UGC		813,800
	Receivable Bhaisajja Income		315,000
23,494,986			**23,363,435**

2010			2011

Note - 05

Cash At Bank

2010			2011
57,140	A/C No:-078100122268432		1,238,728
5,663,245	A/C No:-0781001122268390		5,248,465
227,451	A/C No:-078100192268358		2,695,047
665,772	A/C No:-078100172268458		889,814
6,613,608			10,072,054

Note - 06

Payables

Rs.			Rs.
129,550	Payable Mahapola Scholarships		6,250
1,415,900	Payable Bursary Scholarships		183,500
3,355,173	Deposits	**(Schedule F)**	945,086
	Unpaid wages		41,836
365,521	Creditors - Cancell cheques	**(Schedule G)**	141,692
1,550	Payable Travelling		0
14,098	Insurance Imprest		0
10,441	Insurance Advance		0
127,296	Payable Examination Fees	**(Schedule H)**	86,274
0	Repair Advance		0
1,482	Transfer		0
	DAFP A/C	**(Schedule I)**	174,100
	Bid Bonds		86,000
	Unpaid Certificate Income		290
	3rd Ayurvedic Exhibition		1,994,066
	Retention-Capital	**(Schedule J)**	2,264,118
	Over Deposit		488
	Special Advance		2,250
	Book Advance		901
	Pre-Receipt from Bhaisajja		210,000
	Payable A/C Post Graduate		80,000
	Pre-Receipt from Post Graduate		861,991
5,421,011			**7,078,842**

Note - 07

Differed Income

0	Special Fund - Dr.Anoma Jayasiri	300
0	Special Fund-Bhaisajja	857,355
0	Special Fund-Bhaisajja(201)	753,321
0	Oriental Medical Fund	60,000
0	Research Fund-Dr. Hapuarachchi	17,492
0	Differred Income -Postgraduate Expenses	493,255
0	Differred Income-Postgraduate Expenses New	-256,742
0		**1,924,981**

Note - 08

Accrued Expenses

2010 Rs.	Vote	2011 Rs.
3,740	1010501	
26,880	1010601	
57,599	1010602	
400	1010604	
0	1010607	
1,850	1010801	
362,621	1010802	
342,481	1010805	
113,169	1010806	
138,695	1010807	
900	1010808	
115,644	1010811	
9,230	1010908	
732	1010909	
4,739	1010914	
4,980	1010915	
22,000	1010920	
448	2090501	
48	2090504	
380	2090603	
0	2090606	
4,998	2090607	
850	2090811	
96,535	2090904	
33,000	2090906	
0	2090914	
72,890	2090916	
525	3010603	
0	8010607	
128,606	8010804	
34,220	8010806	
0	10104201	
19,381	10104208	
0	10204201	
4,453	10204208	
0	10204215	
296,506	10504208	
0	10504215	
0	20904111	
0	20904208	
0	30104208	
300,000	Audit Fees	
2,198,500		**1,538,128**

Note - 09

Capital Grant

2010 Rs.		2011 Rs.
236,944,536	Capital Grant Spent Opening Balance	242,689,849
5,745,313	Capital Grant Spent	19,930,803
	Amotization up to year 2010	-47,335,571
	Amotization for the year 2011	-24,455,028
242,689,849		**190,830,053**

Note - 10

General Reserve

2010			2011
Rs.			Rs.
-99,595,704	Opening Balance		-138,487,746
0	Amortization		47,335,571
-49,843	Other Adjustments		1,943,183
-38,842,199	Excess of exp. Over income		-25,847,594
-138,487,746			**-115,056,586**

Note - 11

Accumulated Fund

2010			2011
	Director's fund		274,180
103,170	Endowment Fund	**(Schedule K)**	215,217
	Research & Development fund(UGC)		0
871,215	Special Fund From Aurveda Hospital		
9,690,661	Gift & Donations	**(Schedule L)**	21,040,182
664,820	Research Fund(W.H.O)		0
100,000	Other Funds-Dr. Laxman De Silva		0
	Divisional Dev. Fund- Drawyaguna		137,310
	Revaluation Reserve		1,361,888,931
11,429,866			**1,383,555,820**

Notes to the Statement of Financial Performance

Note - 12

Other Income

2010 Rs.		2011 Rs.
2,807	Interest from Investment	2,005
724,718	Interest from Loan	895,142
278,983	Rent from Properties	95,856
23,100	Tender Fees	18,000
0	Miscellaneous Receipts	
363,354	Registration Fees(Undergraduates)	364,660
0	Registration Fees(Postgraduates)	
0	Registration Fees(Suppliers)	
11,245	Examination Fees(Undergraduate)	10,435
5,550	Certificate Income	5,791
80,016	Library Fines	63,942
46,440	Research Income W.H.O	0
184,755	Hostel Fees	210,805
0	Interest from Konthasinghe	
77,073	Miscellaneous Income	173,223
	Convocation Fees	4,800
	Postgraduate Income	2,036,183
	Sales of Publication	7,800
	Sales of Old Stores	107,705
	Sales of Old Books	1,555
	Receipt-Bhaisajja	1,253,741
	Other Income	74,800
1,798,041		**5,326,443**

Note - 13

General Administration

Rs.			Rs.
	4101041	Personal Emoluments-A	430,439.46
13,627,937	4101042	Personal Emoluments-NA	12,338,802
45,915	410102	Travelling & Subsistance	321,483
2,527,414	410103	Supplies	2,221,207
1,693,568	410104	Maintanance	1,105,580
12,093,973	410105	Contrctual Services	11,929,394
861,999	410106	Other Recurrent Expenses	1,111,538
8,687,950	440110	Financial Assistance to Students	8,712,800
	4102041	Personal Emoluments-A	165,025
3,920,569	4102042	Personal Emoluments-NA	4,899,110
	410202	Travelling & Subsistance	1,450
195,905	410203	Supplies	281,951
4,704	410204	Maintanance	6,496
	410205	Contrctual Services	33,778.28
30,587	410206	Other Recurrent Expenses	128,158
	4105041	Personal Emoluments-A	18,106
5,013,803	4105042	Personal Emoluments-NA	4,485,163
834,753	410503	Supplies	639,133
14,200	410504	Maintanance	226,414
	410505	Contrctual Services	25,600
51,020	410506	Other Recurrent Expenses	20,280
49,604,297			**49,101,908**

Note - 14

Academic Services

2010 Rs.			2011 Rs.
45,373,849	4209041	Personal Emoluments-A	67,234,218
14,555,959	4209042	Personal Emoluments-NA	11,873,750
87,710	420902	Travelling & Subsistance	1,047,884
1,636,025	420903	Supplies	1,580,117
55,207	420904	Maintanance	192,283
310,227	420905	Contrctual Services	471,434
3,239,664	420906	Other Recurrent Expenses	1,232,089
65,258,641			**83,631,775**

Note - 15

Library Services

2010 Rs.			2011 Rs.
1,116,845	4301041	Personal Emoluments-A	1,526,209
5,114,530	401042	Personal Emoluments-NA	5,326,307
175	430102	Travelling & Subsistance	400
266,483	430103	Supplies	244,798
16,540	430104	Maintanance	44,553
3,663	430105	Contrctual Services	38,433
44,202	430106	Other Recurrent Expenses	36,381
6,562,438			**7,217,081**

Note - 16

Hostels

Rs.			Rs.
	4801041	Personal Emoluments-A	13,644
1,094,299	4801042	Personal Emoluments-NA	1,140,368
343,956	480103	Supplies	40,037
66,540	480104	Maintanance	23,554
2,571,145	480105	Contrctual Services	2,024,926
4,075,940			**3,242,529**

Note to the Statement of Changes in Net Assets

Note - 17

2010 Rs.	Net Gains & Losses not recognized in the statement of Financial Performance	2011 Rs.
-171	Staff Loan	0
-49,672	Accrued Expenses	0
		120,071
		402,777
		98,503
		48,393
		103,241
		-177,252
		-300,000
		1,478,400
		169,050
-49,843		**1,943,183**

Notes to the Cash Flow Statement

Note - 18

Other Adjustments

2010 Rs.		2011 Rs.
-171	Staff Loan	
-49,672	Accrued Expenses	
-1,515	Interest from Konthasinghe	
-11,050	interest from Edirisinghe	-11,050
		-177,252
		-300,000
		1,478,400
		169,050
-62,408		**1,159,148**

Note - 19

Increase in Receivables

Rs.		Rs.
1,049,230	Stores Advance	-771,134
5,242,815	Loan & Advances	2,412,719
-29,297	Miscellaneous Advance	-1,060,950
19,266	Book Advance	-901
38	Retention	1
128,005	Pre Payments	-77,101
-300,000	Bursary Advance	300,000
-129	Receivable Interest	-5,984
	Repair Advance	-133
	Receivable Mahapola	-307,300
	Receivable Bursary from UGC	-813,800
	Receivable Bhaisajja Income	-315,000
6,109,928		**-639,583**

Note - 20

Increase in Payables

Rs.		Rs.
-850	Deffered Mahapola Scholarships	-123,300
287,200	Deffered Bursary Scholarships	-1,232,400
-66,919	Deposits	-2,410,087
-19,057	Unpaid wages	41,836
53,289	Creditors - unpresented cheques	-223,829
62,773	Payable Examination Fees	-41,022
-13,642	Repair Advance	0
	Transfer	-1,482
	Payable Travelling	-1,550
	Insurance Imprest	-14,098
	Insurance Advance	-10,441
	DAFP A/C	174,100
	Bid Bonds	86,000
	Unpaid Certificate Income	290
	Aurvedic Exhibition	1,994,066
	Retention-Capital	2,264,118
	Over Deposit	488
	Special Advance	2,250
	Book Advance	901
	Pre-Receipt from Bhaisajja	210,000
	Payable A/C Post Graduate	80,000
	Pre-Receipt from Post Graduate	861,991
302,794		1,657,831

Schedules to the Financial Statements

Schedule -A

FIXED ASSETS & DEP^N RATES FOR THE YEAR 2011
(Building, Furniture & Office Equipment,Lab.& Teaching & Lib. Books)

Rs.

Description/ Items	Dep^n Rate	Balance as at 31.12.2010	Disposals during The Year 2011	Additions During theyear 2011	Balance as at 31.12.2011	Dep^n.up to 31.12.2010	Dep^n.year 2011	Accumulated Dep^n.	W.D.V
Land	_	1,120,500,000	0	0	1,120,500,000	0	0	0	1,120,500,000
New Building - 103	5%	276,400,000	0	0	276,400,000	0	13,820,000	13,820,000	262,580,000
Office, Lab & Teach.Equip	20%	7,283,805	0	10,377,676	17,661,481	0	3,313,943	3,313,943	14,347,538
Furniture & Fittings	10%	24,867,934	0	1,403,977	26,271,911	0	2,583,076	2,583,076	23,688,835
Building- 101	5%	65,734,796	0	14,574,754	80,309,550	33,670,136	3,574,095	37,244,231	43,065,319
Motor Vehicles	20%	5,885,000	0	0	5,885,000	0	1,177,000	1,177,000	4,708,000
Plant & Machinery	20%	192,500		1,397,736	1,590,236	0	61,797	61,797	1,528,439
Computers	20%	3,441,000		3,164,100	6,605,100	0	928,103	928,103	5,676,997
Total		**1,504,305,035**	**0**	**30,918,243**	**1,535,223,278**	**33,670,136**	**25,458,014**	**59,128,150**	**1,476,095,128**

Schedule -B

Description/ Items	Dep^n Rate	Balance as at 31.12.2010	Disposals during The Year 2011	Purchased year 2011	Balance as at 31.12.2011	Dep^n.up to 31.12.2010	Dep^n.year 2011	Accumulated Dep^n.	W.D.V
Library Books & Periodicals	20%	16,621,213	0	1,021,467	17,642,680	13,665,433	1,179,733	14,845,166	2,797,514
Sports Equipment	20%	0		29,580	29,580	0	1,972	1,972	27,608
		16,621,213	**0**	**1,051,047**	**17,672,260**	**13,665,433**	**1,181,705**	**14,847,138**	**2,825,122**

Notes to the Financial Statements for the year ending 31.12.2011

1. Significant Accounting Policies

1.1 General Policies

1.1.1 Reporting Entity

Institute of Indigenous Medicine of University of Colombo was incorporated on 01.01.1980 under the University Act No. 16 of 1978 and Ordinance No. 67/14.

The Institute's Financial Statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all the operations of the Institute.

These Amended Financial statements have been prepared by the Finance Administration in accordance with in terms of Section 106 (1), (2) and 107(b) of the Universities Act as amended by the subsequent legislation including Universities (Amendment) Act No. 7 of 1985 and the Finance Act No. 38 of 1971.

1.1.2 Principal activities and nature of operations

The IIM is the premier Higher Educational Institute in Sri Lanka that provides instructions in Ayurveda, Unani and Indigenous system of medicine at undergraduate and postgraduate levels. The college of Ayurveda was first started in the Island, subsequently upgraded and affiliated to the University of Colombo in the year 1977 as the Institute of Indigenous Medicine.

IIM produces Medical professionals to meet the challenging needs of primary health care, general health care problems, health promotions and disease prevention.

Institute mainly operates on Government funds.

1.1.3 Basis of preparation

(i) Statement of compliance

The Financial Statements comprise the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement and Notes to the Financial Statements. These statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLAS) issued by the Institute of Chartered Accountants of Sri Lanka.

(ii) Basis of Measurement

Financial Statements have been prepared on historical costs basis and do not take into account changes in money values other than where it is stated. Cost is based on the fair value of the consideration given in exchange for assets.

(iii) Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Institute's functional and presentation currency.

1.2 Assets and the bases of their valuation

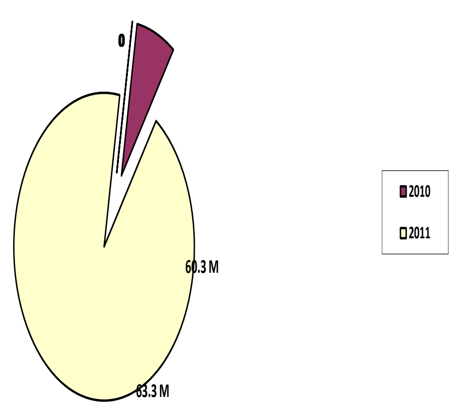
1.2.1 Property, Plant & Equipment

The Office Lab and Teaching Equipment, Buildings, Furniture and Fittings and Vehicles of the Institute have been revalued and recognized to the accounts with effect from 01.01.2011. Revalued land value take in to consideration in the financial Statement as at 31.12.2011. Property, plant & Equipment purchased during the year and the Library books are shown at cost.

Depreciation are charged to the Statement of Financial Performance on revalued amount and on the cost of current year purchased. Following rates per annum were used.

Building	5%
Furniture & Fittings	10%
Office Lab & Teaching Equipment	20%
Computers	20%
Motor Vehicles	20%
Library Books	20%

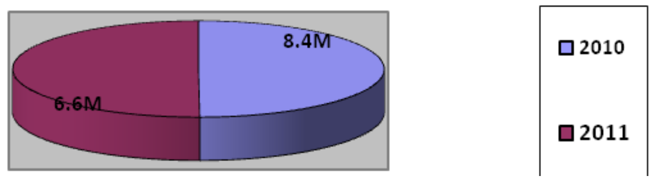
Non Current Assets has been increased Rs. 1,367.5 million due to Revaluation and Donations year 2010.



A sum of Rs. 26.6 million has been provided for depreciation for the year 2011. It has been increased by Rs. 12.4 million. Accumulated Depreciation as at 31st December 2011 is Rs. 73.9 million due to revaluation.

It is noted that the stock value has been increased than year 2010. i.e Rs. 0.7 million

Receivables had been decreased by Rs. 0.8 million.



1.2.2 Inventories

Inventories are valued at cost.

1.2.3 Receivables

Receivables are stated at the amounts they are estimated to realize.

1.2.4 Short Term Investment

Some Investments have been renewed with its interests.

1.3 Liabilities and Provisions

All known liabilities as at 31.12.2011 are included in the Financial Statements and adequate provisions are made for liabilities which are known to exist but the amount of which cannot be determined accurately.

Obligations payable on demand or within one year are treated as current liabilities in the Statement of Financial Position. Liabilities payable after one year are treated as non-current liabilities in the Financial Position.

1.3.1 Accounting for Grants

Grants that compensate the Institute for Expenses incurred are recognized as revenue in the Statement of Financial Performance in the same period in which the expenses are recognized. Grants that compensate the institute for the cost of an asset are recognized in the Statement of Financial Performance on a systematic basis over the useful life of the related asset.

1.3.2 Employee Benefit

The Institute has adopted the benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees.

Defined benefit plans define an amount of benefit that an employee will receive on retirement usually usually dependent on factors such as age, years of service and compensation.

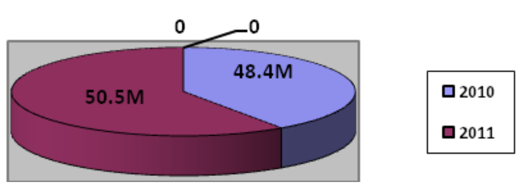
The liability recognized in the Financial Position in respect of defined benefit plans is the present value of the obligation as at 31.12.2012.

1.4 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Institute.

As shown below, the total Government Grant for the Recurrent, Bursaries, Mahapola Internal Income for the year 2011 was Rs.168.8 million.

	2011	2010
Government Grant for Recurrent	Rs.168.8 M	Rs.114.3 M



1.5 Expenditure

Expenses are recognized in the Financial Performance on the basis of direct association between cost incurred and specific items of income. All expenditure incurred in the running of the Institute and in maintaining the capital assets has been charged to revenue in arriving at the surplus/deficit for the year.

1.6 Comparative Information

The comparative figures are shown in every statement where possible.

Deputy Bursar/IIM

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்

AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය எனது இல. My No	EC/IIM/FA/11	ඔබේ අංකය உமது இல. Your No.		දිනය திகதி Date	09 November 2012

The Director ,
Institute of Indigenous Medicine
University of Colombo

Report of the Auditor General on the Financial Statements of the Institute of Indigenous Medicine affiliated to the University of Colombo for the year ended 31 December 2011 in terms of Section 108 of the Universities Act, No. 16 of 1978.

The audit of financial statements of the Institute of Indigenous Medicine affiliated to the University of Colombo for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with 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 Section 108(1) of the Universities Act appear in this report. A detailed Report in terms of Sub -section 108(2) and Section 111 of the Universities Act, was furnished to the Director of the Institute on 30 April 2012.

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 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 පොල්දුව පාර, බත්තරමුල්ල , ශ්‍රී ලංකාව	இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை இலங்கை	No.306/72, Polduwa Road, Battaramulla , Sri Lanka
දුරකථනය / தொலைபேசி / Telephone: 2887028 -34	ෆැක්ස් අංකය / பக்ஸ் இல / Fax No.: 2887223	ඉලෙක්ට්‍රොනික් තැපැල් / ஈ- மெயில் / E-mail.: oaggov@sltnet.lk

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 judgements, 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 financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary power to the Auditor General to determine the scope and the extent of the audit.

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

1:4 **Basis for Adverse Opinion**

Had the matters described in paragraph 2.2 of this report been adjusted, many elements in the accompanying financial statements would have been materially affected.

2. Financial Statements

2:1 Adverse Opinion

In my opinion, because of the significance of the matters described in paragraph 2:2 of this report, the financial statements do not give a true and fair view of the financial position of the Institute of Indigenous Medicine as at 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

The financial statements recalled due to the existence of material deficiencies such as the adjustments not made in the financial statements for the fixed assets on the revalued amounts, the problematic status of amortization of the depreciation on fixed assets and the deficiencies in the accounting for income, had been amended and submitted again on 03 September 2012. The draft of the amended audit report was furnished to the Director of the Institute on 21 September 2012.

2.2.1 Sri Lanka Accounting Standards

The following observations are made.

(a) The "Capital Basis" in accordance with the Sri Lanka Accounting Standard 24 adopted by the Institute up to the beginning of the year under review in accounting for the Government Capital Grants had been changed to the " Revenue Basis" of the same Standard without the approval of the Board of Management and the effect from that to the financial statements had not been disclosed in the financial statements in terms of the Sri Lanka Accounting Standard 10.

Similarly, that accounting policy had been changed without rectifying the following deficiencies.

(i) Five categories of fixed assets with a net value of Rs.76,681,308 as at 01 January 2011 had been revalued at Rs. 318,070,239 without taking into consideration of the effective future life. As such all the fixed assets had been considered as assets with full effective life and depreciated at a single rate of depreciation due to the inability to identify the assets with short effective life.

(ii) Non – identification of the rewards and grants included in the revalued fixed assets.

(iii) Even though amortization of the depreciation of assets as at 31 December 2011 should have been adjusted to all the three accounts on Government Grants, the Rewards and Grants and the Revaluation Reserve, the total amortization value of Rs. 24,455,029 had been adjusted only to the Government Capital Grants Account.

(b) Even though the income in respect of the year under review of 02 Courses completed in the year 2011 and a course conducted from July 2011 to July 2013 which could be allocated among accounting periods on a reasonable basis in term of the Sri Lanka Accounting Standard No. 29, amounting to Rs. 4,027,225, a sum equivalent to the expenditure of those courses amounting to Rs. 2,339,174 only had been brought to account as income received and the balance had been brought to account as income received in advance.

2.2.2 Accounting Deficiencies

The following observations are made.

(a) The revalued amounts had been adjusted without rectifying the error made by disclosing the Motor Vehicles which had not exhausted the effective life at zero value due to the errors made in the adjustment of cost or the depreciation in the preceding years and as such it was observed that the revaluation profit of Rs. 4,838,830 was not correct.

(b) (i) Even though Section 99 of the Universities Act, No. 16 of 1978 requires that all receipt should be credited to the Fund of the Institute, contrary to that requirement a sum of Rs. 451,490 which should have been credited to the income of the Institute had been utilized for the creation of two Funds called the Director's Fund and the Sectoral Development Fund.

(ii) Out of the sum of Rs. 455,000received from 14 students of the Course for the year 2012, a sum of Rs.210,000 had been brought to account as receipts in advance thus resulting in the overstatement of the income for the year under review by a sum of Rs. 245,000. A sum of Rs. 157,500 receivable from 09 students as course fees as at 31 December 2011 had been recorded as Rs.315,000 thus overstating the income by a sum of Rs.157,500.

(c) (i) A sum of Rs. 23,750 paid by a student on 24 November 2010 for the new Postgraduate Course and not been recorded at that time as receipts in advance had not been correctly adjusted in the year under review while course fees amounting to Rs. 44,000 receivable as at 31 December 2011had not been brought to account. As such the income received in advance had been understated by a sum of Rs. 67,750.

(ii) The expenditure on the Postgraduate Course for the year amounting to Rs.1,207,491 had been brought to account as Rs. 950,749 thus resulting in an understatement of Rs. 256,742. A student who had paid a sum of Rs. 20,800 paid in the year 2012 for that course and transferred to another course had been shown as the income payable in the year under review.

(d) (i) In terms of the Circular No. 856 dated 31 January 2005 of the University Grant Commission applications for reimbursement should be made only for the bursaries paid. But reimbursement had been made on the number of students registered. Thus a sum of Rs. 159,800 had been retained in the Bursaries Deposits (Unpaid) Account.

(ii) The Mahapola receipts (income) and those payments (expenditure) for the year under review had been shown as Rs.8,948,600 and Rs.8,712,800 respectively in the Income and Expenditure Account and the difference between the two amounting to Rs.235,800 had affected the decrease of the deficit for the year. That had been due to the failure to account for the receipts and payments of Mahapola properly.

(e) Security Services expenditure payable for October to December 2011 amounting to Rs.1,764,620 had not been brought to account.

(f) A land 10 acres 03 roods 2.1 perches in extent belonging to the Institute which had not been brought to account at the acquired value since acquisition , had been assessed at Rs.1,120,500,000 as at 01 January 2011 and credited to the Revaluation Reserve Account without being considered as the capital of the Institute.

2.2.3 **Unreconciled Control Accounts**

Non – reconciliations of the following item of accounts in the financial statements with the relevant subsidiary registers / records were observed.

	Item of Accounts	Balance according to Financial Statements	Subsidiary Register / Records	Value in the Subsidiary Register / Record	Difference
		Rs.	Rs.	Rs.	Rs.
(a)	Distress Loan	16,965,622	Schedule	16,972,856	7,234
(b)	Motor Vehicle Loans	1,836,180	-do-	1,842,885	6,705
(c)	Staff Loans	351,038	-do-	295,970	53,538
(d)	Computer Loans	988,460	-do-	982,500	4,960
(e)	Festival Advances	216,248	-do-	173,300	42,948
(f)	Deferred Income Diploma Course in Medicine (Old)	857,355	Register	1,320,038	462,683
(g)	Stores Advances	1,655,564	Board of Survey Report as at 31 December 2012	1,011,402	644,162

2.2.4 **Accounts Receivable and Payable**

Even though the loans amounting to Rs.530,030 granted to 02 officers had been outstanding over a period of 9 years, effective action had not been taken for the recovery of those loans.

2.2.5 **Non – Compliance with Laws , Rules , Regulations and Management Decisions**

The following non – compliances were observed.

	Reference to Laws, Rules, Regulations and Management Decisions	Non – compliance
	--	------------------------
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka --	
(i).	Financial Regulations 372(2)(b)	Even though advances exceeding to Rs.20,000 cannot be granted in each instance, advances ranging from Rs. 21,250 to Rs.90,000 totalling Rs.657,250had been granted in 15 instances.
(ii).	Financial Regulations 507 and 756	A Board of Survey of Library books valued at Rs.17,642,680 as at the end of the year under review had not been conducted from the inception up to date.
(b)	Public Finance Circular No. 364(3) of 30 September 2002	The Monthly Records of the payment of the Value Added Tax exceeding Rs.25,000had not been furnished to the Commissioner General of Inland Revenue with a copy to the Auditor General.
(c)	Public Administration Circular No. 8/97 of 15 January 1997 and the University Grants Commission Circular No. 09/2002 of 16 October 2002	Overtime amounting to Rs. 2,382,992 exceeding 20 hours per month had been paid to 63 officers out of the 70 officers in the non – academic staff for their normal duties without carrying out an evaluation of the work to be done by each officer. Such payments made in the year 2009 and 2010 amounted to Rs. 2,463,589 and Rs.2,711,343 respectively.

2.2.6 **Transactions not supported by Adequate Authority**

The cash balance of Rs.664,820 representing money provided by the World Health Organization for research works and idling in a Bank Account from the year 2006 without being used for that purpose had been transferred to the Ayurveda Medical Exhibition Account in the year 2011 without the approval of the Board of Management.

3. **Financial and Operating Review**

3.1 **Financial Results**

According to the financial statements presented, the working of the Institute for the year ended 31 December 2011, had resulted in a deficit of Rs. 165,903,410 before taking into account the Government Grant for recurrent expenditure, as compared with the corresponding deficit of Rs. 142,942,199 for the preceding year. The deficit for the year under review had been reduced to Rs. 25,847,594 due to the Government Grant of Rs. 140,055,816 received for recurrent expenditure of the year under review and the deficit for the preceding year had been reduced to Rs. 38,842,199 due to the Government Grant of Rs. 104,100,000 received for the recurrent expenditure of that year. As such the deficit as compared with the preceding year had decreased by Rs.12,994,605. It had been due to the depreciation of fixed assets for the year amounting to Rs.24,455,028 being adjusted again to the operating income as a result of the change in the policy on accounting for Government grants to the " Revenue Basis" in the year under review.

4. **Operating Review**

4.1 **Performance**

The following observations are made.

(a) The expenditure incurred on the total number of 647 students engaged in academic activities in the year under review according to the financial statements amounted to Rs.147,735,489 and as such the cost per student amounted to Rs.228,339.

(b) A situation of students abandoning the courses without successfully completing the courses and failing examinations had been developing over several past years and the management had not paid any attention to that situation.

Academic Year of Admission	Number of Students Admitted	Number remaining by 5th Year	Number of 5th Year Passes
2004 / 2005	107	81	41
2003 / 2004	102	67	45
2003 / 2004 (A)	78	62	50
2002 / 2003	95	86	63
2001 / 2002	101	80	58
2000 / 2001	98	54	43

4.2 **Management Inefficiencies**

(a) Maintenance of Male Hostels

The following are made

(i) The Male Hostel maintained in a building with 28 rooms handed over by the Department of Irrigation on 11 January 1995 had not been improved up to the Standards for use as a hostel.

(ii) The Institute had adopted a methodology, registering the students being occupied after the hostel instead of registering the students for hostels and sending them to occupy hostels subsequently.

(b) **Documentation of Fixed Assets**

The following observations are made

(i) Even though a Register of Fixed Assets had been prepared after conducting the Board of Survey, it did not comply with Form General 287 of the Treasury Circular No. 842 of 19 December 1978.

(ii) Action had not been taken to dispose of or take any other action on 172 units of assets assessed at Rs. 1,193,625 identified during that survey as unusable.

(iii) A separate register for computer accessories and software and the Classification Ledger Accounts had not been maintained in terms of the instructions of the Circulars.

4.3 **Underutilization of Funds**

The monthly average balances of 02 Bank Accounts with monthly average expenditure of Rs.2,175,000 amounted to Rs.6,765,000. But the management had not taken action for the effective utilization of the surplus cash for the financial requirements of the Institute.

4.4 **Uneconomic Transaction**

The following observations are made.

(i) A fruitless expenditure of Rs.282,492 had been incurred as 76 metres of wire for the supply of three phase electricity , exceeding the requirement had been purchased.

(ii) A sum of Rs. 17,500 had been overpaid due to the rejection of the lowest price without adducing reasons and purchase of 350 Packets of Photocopy paper of the same kind.

(iii) Six categories of goods valued at Rs.578,048 had been purchased without calling for quotations and it was reported that 10 iron beds valued at Rs.166,500 included in that purchase had been unsuitable for use.

4.5 **Identified Losses**

A formal enquiry had not been conducted against the former Bursar in connection with the deduction of Rs.282,060 from a voucher prepared in the name of the security services firm without the approval of the Board of Governors and the payment of that money to the Director contrary the Financial Regulations. Instead of deciding to deduct that amount from the salary or the Provident Fund of the Bursar who was nearing his retirement , the Board of Governors had decided on 11 August 2010 contrary to the Payment of Gratuities Act , No. 62 of 1992 to make the deduction from the gratuity . Accordingly, a surcharge of Rs. 122,762 had to be paid to the Bursar.

4.6 **Transactions of Contentious Nature**

Without preparing estimates, 133 cubes of red earth, metal and sand valued at Rs.413,985 had been purchased in 06 instances by obtaining three quotations from the some supplier from time to time, even without exercising supervision of the receipt of materials. In two of those instances, the signatures appearing in the vouchers for two different prices selected was observed as from one supplier. In all other instances as well, the supplier had been the same person.

4.7 **Lapses in Contract Administration**

The following observations are made.

(a) Five contracts including the main access door valued at Rs.4,395,894 which was 34 per cent less than the estimate of Rs.6,700,000 prepared by the Construction Consultant appointed outside the instructions in the Procurement Guidelines , had been awarded under one agreement, without the approval of the plans or the approval of the Urban Development Authority and the Sri Lanka Land Reclamation and Development Corporation and without referring for the observations of the Technical Evaluation Committee. The work on the Contract had been suspended on the verbal instructions of the Head of Institute after carrying out work valued at Rs. 3,315,740 of the contact value and additional works valued at Rs. 2,964,778 representing 67 per cent of the contract value carried on without obtaining the approval of the Secretary to the Ministry in terms of the Procurement Guidelines.

(b) The payments made on the completion of the contact including the sum of Rs. 996,468 paid for carrying out balance work of the suspended contract excluding the Value Added Tax amounted to Rs. 7,276,986 and exceeded the contract value by Rs. 4,395,894 or 65 per cent.

4.8 **Staff Administrations**

The following observations are made.

(a) Out of the total cadre of 205 as at 31 December 2011 vacancies existed in 42 posts.

	Approved Cadre	Actual Cadre as at 31 December 2011	Number of Vacancies as at 31 December 2011
Academic and Supporting Staff	101	79	22
Non – Academic Staff	104	84	20
	205	163	42

(b) According to the Circular No.721 dated 21 November 1997 of the University Grants Commission, in confirmation of a Temporary Lecturer Grade II in that post, the lecturer should follow a postgraduate degree of the related field. Nevertheless, a lecturer who had followed the "Postgraduate Degree course on balanced law" out side the related field had been confirmed in the post of Lecturer Grade II.

4.9 **Motor Vehicle Utilization**

The Daily Running Charts and the Log Books for 04 Motor Vehicles of the Institute had not been maintained properly. Fuel consumptions had also not been tested within the specified period.

5. Accountability and Good Governance

5.1 Corporate Plan

The Corporate Plan, the budget and the performance had not been reviewed in a timely basis while the Corporate Plan had not held updated. The performance Reports had also not been prepared.

5.2 Action Plan

An Action Plan clearly including the officers responsible for the achievement of objectives and targets as well as the estimated values had not been prepared.

5.3 Budgetary Controls

The following observations are made.

(a) The instructions of the Guidelines on Good Governance had not been followed in the preparation of the budget of the Institute.

(b) Variances between 04 budgeted Heads of expenditure and the actual income ranged from 14 per cent to 69 per cent while the actual income had been 46 per cent less than the budgeted income. As such the budget had not been made use of as an effective instrument of management controls.

5.4 Tabling of Annual Reports

The Annual Reports for the years 2009 and 2010 had not been tabled.

6. **Systems and Controls**

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

(a) Accounting
(b) Performance
(c) Fixed Assets Control
(d) Procurement
(e) Financial Control
(f) Stores Control
(g) Advances
(h) Staff Loans
(i) Preparation of Plans

H.A.S. Samaraweera
Auditor General

Answers for the report of the Auditor General, as per section 108 of the Universities Act No. 16 of 1978, with regard to the financial statements for the year ended 31st December 2011 of Institute of Indigenous Medicine affiliated to the University of Colombo.

2.2.1. Sri Lanka Accounting Standards. Following observations are made. (a) When Accounting of government capital grants of the Institute in terms of Sri Lanka Accounting Standard No.24, the "Capital Basis" had been changed as "Revenue Basis" of that standard without the approval of the board of management until the year under review and the effect of it to the financial statements had not been disclosed in terms of Sri Lanka Accounting Standard No.10. Further these accounting principles had been changed without resolving following deficiencies existed in those accounts.	2.2.1 Sri Lanka Accounting Standards. (a) Action has been taken to make awareness of the management board by Management paper no 365/19 as per Sri Lanka accounting standard 24. According to Sri Lanka accounting standard 10, effect to the financial statements from that has been revealed by page no 03 of financial statement. Even though, every university should submit the financial statements under circular instructions issued in 2003 with regard to good governance issued by circular no PED 19 by National Business Department and accounting standards 03 of new Accounting standards issued by Chartered Institute of Accounting in 2006, as this institute does not implement the instructions until 31/12/2009 intend that therefore the deficiencies were arise in the fixed assets Register. A copy of the circular PED 19 (attachment no 01) is attached herewith.
(I) Depreciation had been made for all fixed assets considering as	(I) I Stated that, all the assets of which the year of purchase was stated in the fixed assets register prepared in 2011, were provided provision of depreciation by considering the life time.

Assets with full effective life time on a single depreciation rate without being able to recognize the assets with shorter life time since revaluation had been done for fixed assets amounting to a net value of Rs.76, 681,308 as at 01st January 2011 to a Rs.318, 070,239 without considering 5 years future effective life time.	Would like to state that, regarding the assets for which it was unable to find the date and year of purchase, proceed according to the instruction given by the University Grants commission circular 649 issued by University Grants Commission, by considering the valuation in 2011. (A copy of commission circular 649 is attached. Attachment no 02)
(II) Non identification of awards and grants in revalued fixed assets accounts.	(II) When revaluating awards and grants have been removed from that revaluated value. I Informed that necessary details have been provided by the page no 10, note no 09, and Schedule L in page no 20 of financial statement for the year ended 31st December 2011.
(III) Total amortization value of a Rs. 24,455,029 had been adjusted only to government capital grant account even though the adjustments should be made to three accounts namely government capital grant, awards and grants and revaluation reserve in making amortization of "Depreciation" of assets as of 31st December 2011.	(III). The total depreciation for government grants and awards is 26,639,717.00. The depreciation with regard to awards and grants is 2,184,689.00. After removing depreciation with regard to awards and grants, Rs. 24,455,027.00 related only to government grants has been adjusted to government capital account.
(b) The balance had been accounted as Income received in advance after accounting the income only to an amount of those courses fees equivalent to a Rs. 2,339,174 even though the income for the year	(b) According to Sri Lanka accounting standards no 29, courses are divided between accounting periods in a justifiable basis. The total income of Rs. 3,934,821.00 in year 2011 has been accounted as

2

under review was Rs.4, 027,225 with regard to two courses ended in year 2011 and a course being conducted during July 2011 to July 2013 which could have been segregated between accounting periods on a reasonable basis in terms of Sri Lanka Accounting Standard No 29.	accrued income. A sum of Rs 1,847,189.00 has been accounted as accrued income for future payments with regard to the above courses.
2.2.2 Accounting Deficiencies The following observations are made.	2.2.2 Accounting Deficiencies
(a) It was observed that the vehicle revaluation profit valued as Rs.4, 838,830 is not correct due to the adjustment of revaluation amounts without correcting the error of stating the net value of vehicle as zero in which the effective life time was not ended due to errors happened in cost or depreciation adjustments in the previous years.	(a) Action will be taken to do the necessary adjustments of the financial statements for the year ended 31/12/2012 by inspecting the Mortar Vehicle depreciation account of year 2009.
(b) (I) Though all receipts should be credited to the fund of the Institute in terms of section 99 of Universities Act No 16 of 1978, in contrary to that, two funds had been established namely Director's fund and Development of department fund using an amount of Rs.451,490 which should be credited to the income of the Institute.	(b) (I) Financial Control of the Institution should be done according to the instructions of the management board under the powers given for the management board of Institute of Indigenous Medicine by the Extraordinary Gazette no 64-14 dated 21/12/79 of Democratic Socialist Republic of Sri Lanka. Accordingly approval has been given for the establishment two Ledger accounts namely Director fund and Section development fund at the 354th meeting held on 28.02.2011. All funds that will be deposited in these two Ledger accounts will be used for the developments of institution according to the instructions of the management board.
(b) (II) The income had been overstated for the year under review by	(b) (II) Income from 14 students of new PhD program in 2011 is as follows.

Rs.245, 000 by recording Rs.210,000 as income received in advance out of Rs.455,000 which had been received for 14 students of the course for year 2012 and income had been overstated by another Rs.157,500 by recording due amount of Rs.157,500 as at 31st December 2011 from 9 students as Rs.315,000.	Income for the year 2011 = (Rs. 748,000.00) Money paid back for leaving the Course per student = (Rs. 59,200.00) Previous income received for the course = (Rs. 882,791.00) Total income according to the Ledger account of the year 2011 = Rs. <u>1,689,991.00</u> According to the Ledger account, above income was not over stated in the year 2011.
(c) (I) The income received in advance had been understated in accounts by Rs.67,750 due to being non adjustment of Rs.23,750 in the accounts correctly in the year under review which was not accounted in that time as receipt in advance even though the payment was made by a student for the new post graduate course on 24th November 2010 and being unaccounted of course fees receivable amounted to a Rs.44,000 as of 31st December 2011.	(c) (I) The course fee paid by a student, who transferred to MSc Programme after registration for new PhD program, was Rs. 59,200.00. Although that was stated down as Rs. 80,000.00 due to office mistake, that difference of Rs. 20,800.00 has already fixed by the Journal no 0213.

4

(II) It was accounted as Rs.950, 749 with shortage of Rs.256,742, though the expenditure of the post graduate course relevant to the year under review was Rs.1, 207,491 and an amount of Rs.20, 800 paid by a student who was registered to that course and shifted to another course had been accounted as Income Payable as well.	(II) Differed income of PhD degree which was stated at entry no 07 of amended financial statements for the year ended 31st December 2011 as Rs. 256,742.00 was already fixed by the Journal no 0210.
(d) (I) The remaining balance of Rs.159, 800 due to the reimbursement of bursaries on the number of registered students had been retained in the bursary deposits (Unpaid) account though the claims should be made to get the paid student bursaries reimbursed in terms of the commission circular No 856 dated on 31st January 2005.	(d) (I) The balance of the scholarship deposits (unpaid) was Rs. 183,500.00 and if these funds will not be requested by the students in 2012 action will be taken to pay that money to University Grants Commission.
(d) (II) The difference of Rs.235, 800 between them due to the reason of showing Mahapola receipts (income) as an amount of Rs.8, 948,600 and such payments (expenditures) as an amount of Rs.8, 712,800 in the income and expenditure account for the year under review, it had been affected to decreasing the deficit of the year and the reason for that was not keeping accounts properly for Mahapola receipts and payments.	(d) (II) The sum of Rs. 88,948,600 which was stated as Mahapola receipt (income) by you in the income and expenditure account for the reviewed year, needed to be corrected as Mahapola and bursary income and the amount of Rs. 8712800.00 stated as payment should also be corrected as same as that. Action will be taken to pay the remaining Rs. 235,800.00 to the students in 2012.
(e) The security service expenditures due to be paid amounting to an Rs.1, 764,620 for the period from October 2011 to December 2011 had not been accounted.	(e) Security services expenditure for the period of October to December 2011 which was Rs. 1,764,620.00 was not included in the financial statements due to non receipt of bills as at 31.12.2011 and as the service agreement was not signed.
(f) A land of 10 acres, 3 rood 2.1 perches belong to the Institute which had not been accounted till then according to the value of acquisition	

5

was assessed to the value of Rs.1, 120, 500,000 as of 01st January 2011 and the total value of it had been credited to revaluation reserve account without considering it as the capital of the Institute.	(f) Revaluation Reserve had been adjusted in the financial statements of the year 2011 by considering the accounting instructions provided by paragraph no. 31, 39 and 40 of Sri Lanka accounting standards. (Sri Lanka accounting standard 18 attachment 03)
2.2.3 Non-reconciled Control Accounts It was observed that the non-reconciliation of following account subjects stated in financial statements with related subsidiary schedules / reports	2.2.3 Details regarding the account balances of the following accounts are as follows.

Account subject	Balance as per financial statements Rs.	Subsidiary Schedule/ Report	Value mentioned in Subsidiary Schedule/ report	Difference
(a) Distress loan	16,965,622	Sub-Schedule	16,972,856	7,234
(b) Vehicle loan	1,836,180	-do-	1,842,885	6,705
(c) Staff loan	351,038	-do-	295,970	53,538

Accounting Subject	Difference	Explanation
(a) Distress loan	Rs. 9,849.00	As it was not able to find the details, Action will be taken to write off from the books with the approval of management board 372 under the recommendation of 03rd Finance committee.
(b) Vehicle loan	Rs. 6,705.00	
(c) Employee loan	Rs. 53,538.00	
(d) Computer loan	Rs. 4,960.00	
(e) Festival Advance	Rs. 42,948.00	
(f) Differed income-	Rs. 462,683.00	Money that should be

(d) Computer loan	988,460	-do-	982,500	4,960
(e) Festival Advance	216,248	-do-	173,300	42,948
(f) Differed income- ? diploma course (old)	857,355	-do-	1,320,038	462,683
(g) Stores advances	1,655,564	Stores verification report as at 31st December 2012	1,011,402	644,162

2.2.4 Accounts Receivable and Payable

Even though the staff loans amounted to an Rs.530, 030 given to two officers were in arrears for 09 years, action had not been taken actively to recover those loans.

diploma course (old)		received from the course due to the expenditures that were incurred by the institution for the paid course such as stationeries, telephone bill, electricity and water, director fund and sectional development fund, had already been adjusted by the journal no 4767
(g) Store advances	Rs. 644,162.00	This difference had been found and the copy was attached. (attachment no IV)

2.2.4 Accounts Receivable and payable

Would like to state the answers below with regard to employee loans of Rs. 530,030.00 that were given to two officers.

(1) Dr. (Mrs) B. Roshana Ameer – Vacated the post. When releasing the ETF fund, the amount of Rs. 363,474.00 which should be received by the institution, had been charged with her approval. 09 years that has been stated by you is incorrect. 02 years and 03 months have passed.

(2) Mr. Gnanapala – Went abroad obtaining no pay leave. The amount of Rs. 166,556.00 that was paid to him is charging with the interest arrears from the day of returning to the service. 09 years that has been stated by you is incorrect. Arrears were due for 01 year and 06 months.

2.2.5 Rules and Regulations The following non-compliances were observed. Reference to Laws, Rules, Regulations and Management Decisions. (a) Financial regulations of the Democratic Socialist Republic of Sri Lanka. (I) F.R 372 (2) (B) The advance money total of Rs.657,250 had been given in 15 occasions from Rs.21,250 to Rs.90,000 even though advances cannot be given more than Rs.20,000 at a time.	**2.2.5 Rules and Regulations** Reference to Laws, Rules, Regulations and Management Decisions. (a) Financial regulations of Democratic Socialist Republican of Sri Lanka. (I) F.R. 372 (2) (A) It will be required to pay advances over Rs. 20,000.00 according to the need s of the students as this institute was an educatioral institution. I am pleased to inform that when reaching the objectives of the institution, such situation happens. However action well be taken to control this situation in the future.

(II) F.R. 507 and 756 A census had not been done so far from the beginning regarding the library books amounted to Rs. 17,642,680 at the end of the year under review.	(II) F.R. 507 and 756 A verification regarding the library books of the institution has already been in progress.
(b) Government Treasury circular no 364 (3) of 30th September 2002. The monthly statement in relation to the value added tax paid in excess of Rs.25, 000 had not been sent to the Department of Inland Revenue with a copy to the Auditor General.	(b) Government Treasury circular no 364 (3) of 30th September 2002. Action has been taken to submit the 06 months details of the value added taxes paid in excess of Rs. 25,000.00 in year 2012 with a copy to the Auditor General to the commissioner of the Department of Inland Revenue.
(c) Public Administration Circular No.8/97 dated 15th January 1997 and University Grants Commission Circular no. 09/2002 dated 16th October 2002. An overtime money amounted to a Rs.2, 382,992 had been paid to 63 out of 70 non-academic staff exceeding 20 hours per month for normal work duty without being evaluating the activities that must be discharge by each officer and the payment made in this manner in the year 2009 and 2010 had been amounted to Rs.2, 463,589 and Rs.2, 711,343 respectively.	(c) Even though overtime payments for a month should be limited to 20 according to no 8/97 Public administration circular of 15th January 1997, to carry out the duties of the institution without breakdown, limited staff belonging to the institution had been deployed on the service due to following reasons. I state that those overtime payments had been made according to the University Grant Commission Letter no 09/2002 (16th October 2002). By this time, action has been taken to make the overtime payments under full supervision of the Sectional heads after informing them through internal circular letters,

2.2.6 The transactions not substantiated by adequate Authority. The cash balance amounted to Rs.664, 820 kept in idle in a bank account from year 2006 which was granted by World Health Organization for research works but not used for that purpose had been transferred to year 2011 Ayurvedic Medicine Exhibition without obtaining the approval of the Management Board. 3. Financial result. According to the financial statements presented, the financial result met from the activities of the Institute had resulted in a deficit of Rs.165, 903,410 before taking in to consideration the government grant for recurrent expenditures and corresponding to it preceding year deficit was amounted to Rs.142, 942,199. That deficit had been reduced up to Rs.25,847,594 due to the government grant amounted to a Rs.140,055,816 which had been received for recurrent expenditures for the year under review and that deficit for the preceding year had been reduced up to a Rs.38,842,199 due to the government grant amounted to a Rs.104,100,100 which had been received for the recurrent expenditures. Accordingly the deficit had been reduced up to Rs.12, 994,605 as compared to preceding year and the reason for that was the adjustment of the fixed assets depreciation amounted to Rs.24, 455,028 again to operational income because of	2.2.6 The approval of 367th management board of the institution has been granted for that payment. Would like to state that the approval of the Governing Council of the University is not necessary for that. Regarding that, a clear answer was given to me by the chairman of the Parliamentary Committee meeting which was held on 22.06.2012. 3. Financial result. Comparing to the last year, deficit has been decreased to Rs. 12,994,605.00 according to the submitted financial statements for the year ended 31/12/2011.

changing the policy of accounting the government capital grants as "Revenue Basis" in the year under review. 4. Review of Operation **4.1 Performance** Following observations are done. (a) Cost per student had been Rs.228, 339 due to the recurrent expenditure being an amount of Rs.147, 735,489 for 647 numbers of total students who engaged in the studies in the year under review according to the financial statements.	4.1 Performance (a) Would like to state the following cost per student for the year under review. Total expenditure as at 31/12/2011 = Rs. 204,633,481.00 deduct 1. Provision for gratuity Rs. 30,258,274.00 2. Provision for depreciation Rs. 26,639,718.00 = (Rs. 56,897,992.00) Net expenditure = Rs. 147,735,689.00 Cost per student Rs. 147,735,689.00/647 = Rs. 228,339.00 Pleased to inform that situation had been occurred without our control due to reasons such as increase of the market price of goods

11

(b) A situation of registered student quitting studies without completing the course successfully and a situation of failing examinations were being developed for the past few years and the management attention had not been focused regarding that.	(b) Answers with regard to this have been provided by the letter no. IIM/D/172 of the former director of Institute of Indigenous Medicine dated 13.05.2011.

Academic year of admission	Numbers of admissions	Numbers stayed in 5th year	Numbers passed in 5th year
2004/2005	107	81	41
2003/2004	102	67	45
2003/2004 (A)	78	62	50
2002/2003	95	86	63
2001/2002	101	80	58
2000/2001	98	54	43

4.2 Management inefficiencies (a) Maintenance of Male Hostel Following observations are made. (I) The action had not been taken to renovate and maintain the male Hostel as suitable as a Hostel which is being established in a building with 28 rooms handed over by the Department of Irrigation on 11th of January 1995.	(a) (I) After vesting this building to the institution on a leasing agreement in year 1995, it had been discussed to vest that building to the Institute of Indigenous Medicine by intervention of the relevant ministers but still it has not been able to accomplish it successfully. Since the existing building was constructed by Irrigation department,

(II) A methodology of registering them after the students were boarded had been followed by the Institute instead of sending them to the Hostel after the annual registration.	Institution has no title and ownership for full reconstruction. But the building reconstruction was done to get better light and ventilation. The approval for construction of a new hostel in that premises has been sought from the Irrigation department. (II) The registration of students for hostel will be done by the office by selecting 94 students who were eligible for hostel facilities. Other than that, would like to inform that the final year students, who obtain Ayurveda hospital training, get hostel facilities in this hostel.
(b) Registering of fixed assets Following observations are done. (I) It was not in accordance with the common format 287 of the treasury circular No 842 dated 19th December 1978 even though a fixed assets register had been prepared after verification of fixed assets.	(b) (I) Fixed assets Register of to the institute has been prepared under following subjects. 1. Code number 2. Item details 3. Year of Purchase 4. Value 5. Assessment value When preparing financial statements for the year 2011, provision for depreciation has been included to the fixed assets register as a new subject. Accordingly it has been prepared to be able to identify the value of the assets of the institute and provision for depreciation and to identify types and classes of the assets.
(II) The steps had not been taken to dispose or to take suitable action with regard to a172 No of asset units valued to an amount of Rs.1,	(II) 172 assets units assessed to Rs. 1,193,625.00 that was identified as

193,625 which was recognized as unusable assets at that verification. (III) A separate schedule and classified ledger accounts in relation to computer accessories and softwares had not been maintained as per the instructions of the circular. **4.3 Under utilization of funds.** There was an average monthly amount of Rs.6, 765,000 available in a two current accounts from which average monthly payment of Rs.2,175,000 of the Institute be made and the management had not taken action to utilize surplus money effectively for Institute's financial requirements.	assets which could not be used, already have already been disposed. (III) A separate register regarding computer parts and software and a ledger account with a classification expenditure control have already been opened. 4.3 According to the instructions of Act no 16 of 1978, it is not possible to invest Government grants. However action has already been taken to fulfill this matter according to audit instructions.
4.4 Non economic transactions Following observations are made.	4.4

(a) A payment of Rs.282, 492 made because of purchasing 76 meters of wires in excess of the requirement in order to get three-phase electricity had been an idle expenditure.	(a) 250 meters of Armed wires had been purchased for requirements of the institute and a part of it was used to supply three phase electricity to the administration building. Remaining part was kept as when installing machines to the pharmacy of Drawuya Guna section, three phases electricity supply is needed and it can be used for it according to the instructions of the Director of the institute.
(b) Additional payment of Rs.17,500 had been made because of purchasing 350 packets of photo copy papers of same type without giving explanations as to the rejection of minimum price.	(b) Quotations were called from 6 institutions for these purchases. The recommendation of the technical evaluation committee for buying Avalon photo copy according to the requirement of the institute was submitted. Following institutions had submitted quotations for Avalon type. 1. A.P Enterprises – Rs. 437.50 2. Spinney Trading – Rs.440.00 According to the instructions given by 5 .3.18 (B) in Procurement guideline code, Value added tax has not been considered in technical evaluation. Therefore Those purchases had been done by A.P Enterprises institute which quoted the lowest prices for Avalon type photo copy. Those sections of the procurement guideline have been attached.
(c) Being Purchased 06 type of items by paying Rs.578,048 without a quotation and it had been reported that 10 number of iron beds worth of Rs.166,500 included in it is difficult to use.	(c) Since University Grants Commission had sent and extra number of students when admitting new students for year 2011, it was needed to provide their welfare and boarding facilities. Those goods were purchased according to the procurement instructions given by the Director General of the Government treasury by letter of PEC/PMD/3/4 dated 26/01/2011.

	Action had been taken to inform the Auditor General with regard to this by Letter no IIM/FS/6/Girls hostel/ 2011 dated 14/10/2011 of the former Director General. (attachment no 01) These goods have currently been utilized.
4.5 Recognized deficiencies A surcharge money amounting to Rs.172,762 had to be paid to the Bursar due to the decision taken by the council of the University of Colombo on 11th August 2010 to deduct gratuity money in contrary to the Gratuity Act No 62 of 1992 instead of making decision to deduct it from wages or employees' provident fund entitled to the Bursar who waited for his retirement soon as a punishment to it without conducting proper investigation with regard to the payment of Rs.286,060 to the Director in contrary to the monetary regulation by former Bursar deducting it from the payment voucher written to the name of the Institute providing security service without the permission of the Council.	4. 5 The payment of retirement benefit of Mr. Kumarasinghe had been delayed due to the decision of Governing Council of University of Colombo that had been taken because the former Deputy Bursar Mr. Kumarasinghe when paying the security bills of the institution, part of the bills had been paid to the name of Dr. Sayakkara who was the Director at that time with regard to the loss of private goods of the director at director's office without investigation. But Action has been taken to pay late charges according to the instructions of retirement benefit act.
4.6 Disputed transactions 133 Kilos of red soil, metals and sand had been purchased without preparing estimates and without the supervision of receipt of materials having paid Rs.413,985 in 06 instances by obtaining three quotations from time to time from only one supplier and in two instances from that for selected two number of different quotations it was observed that the signature on the voucher in which payment was	4.6 Because it was requested by the public health officer of this area to support to the Dengue prevention campaign by reclaiming the places where water stagnated, 03 quotations were called from the sand suppliers in this area and the sand was ordered from Priyantha suppliers who submitted the lowest price according to the recommendation of working direction and the approval of the procurement committee. Payments had also been made with the approval of the working director.

collected belong to one supplier and in all other instances the supplier happened to be the same person.	As the Institute of Indigenous Medicine is been situated in a developed wetland, there is frequent dampness in the premises. It was needed to procure required stones and sands to fill those lands with soil and to construct the access road. I would like to state that the materials needed by the maintenance division are purchased from Land and Land Development Company which is a government company. Quotations to purchase soil, river sand and stones had requested by sending an officer to that company which is situated at Kirimandala Mawatha, Narahenpita and because it was known from a officer of that office that, those materials were not currently being supplied by that company and those materials can be obtained from the owners of the lorries who provide service to that company, quotations were obtained from several owners of Lorries. After submitting those quotations to the working director, those materials were obtained from the suppliers who submitted the lowest quotations, according to his recommendation and under the approval of procurement committee of the institute.
4.7 **Deficiencies in contract administration** Following observations are being made. (a) The contract had been handed over to the minimum value of Rs.4,395,894 without being referred to the observation of technical evaluation committee with the approval of plans under one agreement	Supervision was also held in the previous year regarding the receipt of the materials by the institution. But purchasing like that had to be done when there is only few suppliers due to practical problems when purchasing certain materials. 4.7 Defects of controversy (a) and (b) Answers have been given by paragraph no. 4.6 of the page no. 12 of the Letter no IIM/D/172/2011 dated 29.05.2012 of the Director General of the institute at that time answering the report of the Auditor General on the financial statements of this Institute for the

for five contracts including the main entrance gate without the approval of Urban Development Authority and Low Land Development Board and out of procurement guideline instructions which is 34% less than the cost estimation of Rs.6,700,000 of the appointed contract consultant and the contract had been suspended on the verbal instruction of Head of the Institution after getting the works of Rs.3,315,740 from the contract value and additional works worth of Rs.2,964,778 done which is 67% of the contract value without obtaining the approval of the secretary to the ministry. (b) An amount of Rs.7,276,986 had been paid except VAT including Rs.996,468 being paid in order to get the remaining work of the suspended contract done by the end of the contract and it had been exceeded 65% more than the contract price of Rs.4.695,894.	year ended 31st December 2011 in terms of section 108 of the Universities Act, No. 16 of 1978.
4.8 Staff administration. Following observations are made. (a) 42 numbers of positions had been vacant out of 205 numbers of approved total staff as of 31st December 2011.	**4.8 Staff administration.** (a) and (b) Answers have been given by paragraph no. 4.7 of the page no. 13 of the Letter no IIM/D/172/2011 dated 29.05.2012 of the Director General of the institute at that time answering the report of the Auditor General on the financial statements of this Institute for the year ended 31st December 2011 in terms of section 108 of the Universities Act, No. 16 of 1978.

	No of Approved Staff	No of actual Staff as of 31st December 2011	No of Positions vacant as of 31st December 2011
Academic and Support staff	101	79	22
Non academic staff	104	84	20
	205	163	42

18

(b) A lecturer who studied "Post graduate degree of comparative Law" which is relevant to another field had been appointed permanently in grade II Lecturer Position even though to make such appointment permanent in that position, a grade II temporary lecturer should follow a Post graduate degree relevant to that field according to University Grant Circular No 721 dated 21st November 1997.	
4.9 Vehicle utilization The vehicle running charts and log books for 04 vehicles of the Institute had not been maintained methodically, and even vehicle fuel tests within the specified period had not been done. **5. Accountability and good governance** 5.1 Combined plan Periodically reviewing of combined plan, budgetary control and performance as well as updating the combined plan had not been done and performance report had not been prepared. 5.2 Action plan An action plan including officers who will be assigned with clear	**4.9 Vehicle utilization** Answers have been given by paragraph no. 4.8 of the page no. 14 of the Letter no IIM/D/172/2011 dated 29.05.2012 of the Director General of the institute at that time answering the report of the Auditor General on the financial statements of this Institute for the year ended 31st December 2011 in terms of section 108 of the Universities Act, No. 16 of 1978. 5.1 Combined plan Timely reviewing of Budget and combined plan and updating of combined plan have already been done and performance reports have also been prepared. 5.2 Action plan

responsibilities for the achievement of goals and aims and with estimated values had not been prepared.	An action plan with estimated value and including officers stating responsibilities to achieve aims and objectives has already been prepared.
5.3 Budgetary Control Following observations are made. (a) The instructions of the guidelines of good governance had not been followed in the preparation of the Institute Budget. (b) The budget had not been used as effective management tool due to being existence of variances from 14% to 69% between budgetary and actual income as well as being existence of actual income less than 46% which is below the budgetary income level. **5.4 Tabling the Annual reports** Annual reports had not been tabled in the years of 2009 and 2010.	**5.3 Budgetary Control** (a) When preparing the budget, budgetary estimates were prepared according to the form which was introduced by University Grant Commission and proceed according to the instructions given. (b) It was changed like this because the changes of budgetary expenditure heads and actual income heads were occurred without our control. Maximum actions have been taken to accomplish the goals of the institute according to the order of receiving money from the treasury. **5.4 Tabling of annual reports** Annual reports for the year 2009 and 2010 have been tabled.

6. Systems and controls Systems and controls deficiencies observed during the course of the audit were referred to Director of the Institute from time to time. Special attention should be made in respect of the following control areas. (a) Accounting (b) Performance (c) Fixed assets Control (d) Replacement Activities (e) Financial Control (f) Stock Control (g) Advances (h) Staff Loan (I) Preparation of plans	**6. Systems and controls** (a) Accounting Financial statements for the year 2011 have been presented under accounting standard no. 03 issued by Sri Lanka Institute of Chartered Accountants in 2006. (b) Performance It has already been paid the attention on performance. (c) Fixed Assets Control A register with regard to the fixed assets of the institute has been prepared with the assistance of a Government Assessor in year 2011. (d) Procurement activities All the procurement activities have already been completed according to the Procurement Guidelines Code issued in year 2006. (e) Financial control Action has been taken to conduct the financial control of this institution according to the instructions of the management board of this institute.

	(f) Stores Control The affairs of the stores have been managed with the assistance of the internal audit division of the University of Colombo. (g) Advances Because this institute is an educational institute, advances have been paid for the educational activities of the students and for various needs considering the good governance. (h) Employee loans Action has been taken to maintain Loan registers properly. (i) Preparation of plans Action has been taken to prepare all the plans with regard to the institute.

Sunimal Senaratna,
Director,
Institute of Indigenous Medicine,
Rajagiriya.