ANNUAL REPORT

2011

POSTGRADUATE INSTITUTE OF AGRICULTURE

UNIVERSITY OF PERADENIYA

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ANNUAL REPORT AND ACCOUNTS FOR 2011

POSTGRADUATE INSTITUTE OF AGRICULTURE
UNIVERSITY OF PERADENIYA

1. Vision

To be a Centre of Excellence in Postgraduate Education, Research and Outreach in Agriculture and Related Fields to Serve the Needs of Government, Industry and the Global Community.

2. Mission

To be a National and Regional Centre for Postgraduate Education, Research and Outreach by Providing a Theorectically Sound and Practically Oriented Training to Produce Competent, Innovative and Dedicated Persons to Foster National Development of Agriculture and Allied Fields.

3. DIRECTOR'S STATEMENT/REVIEW

The PGIA was established in June 1975 as the first institution of postgraduate education of its kind in the country, functions as an organization within the University of Peradeniya, under the direction of its Board of Management. The main objective of creating the PGIA was to develop an in-country capacity for postgraduate education and to provide appropriately trained scientific personnel to a rapidly expanding agricultural sector of the country. It has served this national need for over a quarter of a century and has blossomed into a Centre of Excellence for postgraduate education of its kind in the country as well as in the region.

Prof. A.L.T. Perera, retired after completing 5 years of service as the Director of the PGIA on 21st October, 2011. During his tenure as the Director, Prof. Perera had contributed to the development of the Institute, initiating various activities.

Prof. Colin N. Peiris, Senior Professor from the Department of Crop Science, Faculty of Agriculture assumed duties as the 7th Director of the PGIA with effect from 23rd October 2011. Prof. Peiris graduated with B.Sc. (Agric.) from the University of Peradeniya and obtained his M.Sc. and Ph.D. from Penn. State University. Prof. Peiris has been serving as the Acting Director of the Quality Assurance & Accreditation Council of the University Grants Commission.

During the past 36 years, the Institute has made considerable progress in student enrollments. In 2011/12, a total of 411 students have enrolled for various programmes of study. Among them, 320 students have registered for M.Sc. degree programmes, 29 for MBA, 24 for M.Phil. and 15 for Ph.D. degrees and 12 for Postgraduate Diploma in Applied Statistics. In addition to that, 11 students were registered on casual basis.

During the year 2011, 235 students completed their degrees and diplomas. Among them, 153-M.Sc., 28-MBA, 14-M.Phil. and 02-Ph.D. degrees. Thirty eight (38) postgraduate diplomas also were awarded.

PGIA student population includes graduates from almost all the different faculties including Veterinary Medicine & Animal Science, Arts, Science, Medicine etc. and foreign students as well. The students from Bangladesh, India, Peoples' Republic of China, Nepal, Myanmar and Oman have already completed their postgraduate degrees at the PGIA.

The 23rd Annual Congress of 2011 was held on 17-18th November. The Coordinator was Dr. (Ms.) R.P. Karunagoda, Senior Lecturer from the Board of Study in Agricultural Biology. This year sixty scientific papers received based on postgraduate studies done in Sri Lanka and other countries, such as India, United Kingdom, Japan and Nepal. After a rigorous evaluation by the reviewers, 31 were selected for oral presentations under seven thematic areas and 12 for poster presentations. Award winners of the Congress 2011 were as follows;

The Overall Best Research Paper - Mr. S.M.R. Samarakoon

Best Research Paper of the Session	**Award Winner**
I. Biochemistry and Food Science	Mr. J.D. Kottawa-Arachchi
II. Animal Science and Aquaculture	Mr. S.M.R. Samarakoon

III.	Soil, Water and Spatial Data Management	Ms. A. Sutharsiny
IV.	Molecular Biology and Gene Manipulation	Mr. H.D.D. Bandupriya
V.	Agricultural Economics and Extension	Mr. M.A.C.S.S. Fernando
VI.	Floriculture and Plant Systematic	Ms. D.P. Karunananda
VII.	Plant Protection and Agronomy	Mr. M. Gananakumar
VIII.	Poster Presentation	Ms. R.M.N.S. Sugathapala

Dr. A.W.R. Joachim Memorial Award
(Awarded to the following 02 M.Sc. students who have obtained the highest GPA of 4.00)

1.	Ms. A.M.K.C.K. Abeykoon	Board of Study in Crop Science
2.	Ms. E.A.G.S. Amarawansha	Board of Study in Soil Science

There has been a regular upgrading of existing programmes and courses as well as the introduction of new programmes and courses.

The Panel of Teachers consists of over 300 outstanding academic staff, with wide teaching and research experience, the majority of whom are from the Faculty of Agriculture, the others coming from other Faculties of the University, from other universities, government departments, research institutes, corporations, private sector firms, international institutions and non-governmental organizations.

'Quality' will be the key word in the future development of the PGIA. It will endeavour to improve the quality of the graduate in terms of practical experience, modern knowledge and exposure to cutting edge technologies combined with classical agricultural techniques using our rich biodiversity with managerial experience - all this for the benefit of the people of our nation. Moreover, in pursuance of this 'quality' objective, the PGIA will regularly revise and upgrade the curriculum, form new working partnerships with industries and strengthen its existing linkages with industries and institutes, local as well as regional & international. Industrial training will become a part of the new curricula. The courses of study will be made more participatory in nature and problem-solving in orientation, making the graduates more suitable and useful in national development and to the industry.

An important challenge facing the PGIA is to develop disciplined, dedicated and hard working students who would devote considerable time to their studies and research and get the widest possible exposure in the relevant fields. Through such commitment, the graduates of the institute are expected to develop a strong work ethic, which should become an integral part of their character.

In order to develop a committed hard working faculty and students, institutional, academic and student discipline will be ensured by a code of conduct and ethics for staff and students. Strict observance of lecture schedules, examination dates and early release of examination results will be key objectives of the PGIA in the 21st century. The development of a committed hard working faculty and students are prime objectives of the PGIA.

Prof. Colin N. Peiris
Director-Postgraduate Institute of Agriculture

4. Details of Resources & Students :

Institute	Course	Total Students (2011)	Total No. of Academic Staff	Total No. of Non-Academic Staff
Postgraduate Institute of Agriculture	P.G. Diploma	12	02 - permanent staff , 01 -assignment basis and about 300 visiting staff	38
	M.Sc.	320		
	MBA	29		
	M.Phil.	24		
	Ph.D.	15		
	Casual	11		
Total		**411**		

5. Details of Local Students :

Institute	Course	Medium	Intake 2011	1st Year Students	2nd Year Students	3rd Year Students	4th Year students	No. Gradua-ted
Postgraduate Institute of Agriculture	P.G. Diploma	English	12					38
	M.Sc.		320					153
	MBA		29					28
	M.Phil.		24					14
	Ph.D.		13					02
	Casual		11					
Total			**409**					**235**

6. Details of Foreign Students :

Institute	Course	Medium	Intake 2011	1st Year Students	2nd Year Students	3rd Year Students	4th Year Students	No. Gradua-ted
Postgraduate Institute of Agriculture	P.G. Diploma	English						
	M.Sc.							
	MBA							
	M.Phil.							
	Ph.D.		02					
Total			**02**					--

7. **Details of Academic Staff as at 31 December 2011** ***(Permanent Staff only)*:**

Institute	Subject	Medium	Senior Prof.	Prof.	Senior Lecturer	Lecturer	Asst. Lecturer	Instruc-tor
Postgraduate Institute of Agriculture	Director	English	01					
	Senior Asst. Librarian						01	
		Total	**01**				**01**	

8. **a) Details of Academic Support Staff as at 31 December 2011** ***(Permanent Staff only)*:**

Institute	Most Senior[1]	Senior Staff[2]	Junior Staff[3]	Minor Employees[4]
Postgraduate Institute of Agriculture	--	--	--	--
Total				

1 - Administrative Level & Executive Level
2 - Senior Staff Grades
3 - Clerical & Allied Grades
4 - Below the above Grades

8. **b) Details of Non-Academic Staff as at 31 December 2011** ***(Permanent Staff only)*:**

Branch	Most Senior[1]	Senior Staff[2]	Junior Staff[3]	Minor Employees[4]
Administration	02	02	04	10
Admission	01	-	04	01
Accounts	01	01	05	01
Congress Unit	-	-	01	-
PGIA Library	-	02	02	03
Computer Unit	01	-	01	01
Total	**05**	**05**	**17**	**16**

1 - Administrative Level & Executive Level
2 - Senior Staff Grades
3 - Clerical & Allied Grades
4 - Below the above Grades

9. **Details of Research, Innovation and Publications**

Subject	Published	Commercialized	Presented
a. No. of Researches	16		16
b. No. of innovations			
c. No. of Journals	04	04	
d. No. of Books	03	03	
e. No. of Articles			
f. Other			
Total	**23**	**07**	**16**

10. Details of Programmes, Seminars and Workshops

Subject	Attended	Completed	Presented
a. No. of PG Degree Programmes			29
b. No. of PG Diploma Programmes			01
c. No. of Degree Programmes			-
d. No. of Diploma Programmes			-
e. No. of Certificate Programmes			-
f. Other – Research Seminars			15
Seminars			01
Workshops			
Short Courses			
Total			**46**

11. Details of Awards Received

Subject	No. of Awards	No. of Academics	No. of Students
a. Local Awards	01		02
b. National Awards	09		08
c. International Awards			
d. Other			
Total	**10**		**10**

12. Details of New Courses Started

Institute	Course	Medium	Certificate	Diploma	PG Diploma	Masters	M.Phil.	Ph.D
Postgraduate Inst. of Agriculture	--							
Total								

13. Details of Recurrent Expenditure

Subject	2010 Rs.	2011 Rs.
a. Personal Emoluments	32,475,048	32,281,916
b. Travelling	131,134	86,548
c. Supplies	2,412,585	2,130,967
c. Maintenance	703,340	713,751
e. Contractual Service	5,001,964	4,840,840
f. Others	11,309,466	12,240,319
Total	**52,033,537**	**52,294,341**

14. Details of Capital Expenditure

Subject	2010 Rs.	2011 Rs.
a. Acquisition of Furniture & Office Equipment	2,147,057	70,826
b. Acquisition of Machineries		
c. Acquisition of Building & Structures	609,096	-
c. Others		325,087
Total	**2,756,153**	**395,913**

15. Details of Projects (Local/Foreign Funded)

Name of Detail	Loan/Grant	Funding Agency	TEC Rs.	RFA Rs.	DF Rs.
CAPNET	Grant	CAPNET South Africa	934,700		
Crossing Boundaries Project	Grant	DGIS Netherlands	75,035,938		
Total	-	-	**75,970,638**	-	-

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

Name	TEC Rs.	Exp in 2010 Rs.	Exp in 2011 Rs.	Cumulated Exp as at 31.12.2011	% of Physical Progress
CAPNET	934,700	654,306	2,266,312	2,920,618	100%
Crossing Boundaries Project	75,035,938	18,144,865	12,314,322	30,459,187	80%
Total	**75,970,638**	**18,799,171**	**14,580,634**	**33,379,805**	**180%**

17. Financial Progress (Expenditure)

Subject	Provision in 2011 Rs.	Exp in 2011 Rs.	Savings/ Excess Rs.
a. Recurrent except Project	69,358,000	52,294,341	17,063,659
b. Capital except Project	2,000,000	395,913	1,604,087
c. Project - Local funded		790,283	(790,283)
d. Project - Foreign funded	107,525	14,580,634	(14,473,109)
Total	**71,465,525**	**68,061,171**	**3,404,354**

18. Financial Progress (Generated Income)

Source of Revenue	Provision in 2011 Rs.	Collection in 2011 Rs.	Deficit/Surplus Rs.
a. Undergraduate Studies			
b. Postgraduate Studies	58,186,000	48,287,970	(9,898,030)
c. Consultancies			
d. Others			
Total	**58,186,000**	**48,287,970**	**(9,898,030)**

19. Financial Performance Analysis - 2011

Subject	Formula	Exp. per Student Rs.
a. Recurrent Expenditure per Student (RE)	RE/No of Student strength	147,724
b. Capital Expenditure per Student (CE)	CE/No of Student strength	428
Total	-	**148,152**

20. Infrastructure Facilities Received in 2011

Infrastructure Details	Expenditure Rs.	Physical Progress
NIL		

21. Any Other Details/Performance Relevant to this Report

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07-9/10

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

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f.y. records

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පිටපත් :-

1. ලේකම් - උසස් අධ්‍යාපන අමාත්‍යාංශය
2. ලේකම් - මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශය
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4. උපකුලපති - පේරාදෙණිය විශ්වවිද්‍යාලය

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306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி, புத்தரமுல்லை இலங்கை

No.306/72, Polduwa Road, Battaramulla, Sri Lanka

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විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல / My No. CL/KD/J/PGIA/2012/28 | ඔබේ අංකය / உமது இல / Your No. | දිනය / திகதி / Date 21 January 2013

The Director
Postgraduate Institute of Agriculture

Report of the Auditor General on the Financial Statements of Postgraduate Institute of Agriculture 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 Postgraduate Institute of Agriculture 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 Section 20 of the Ordinance published in the Gazette Extraordinary No. 68/11 of 26 December 1979 and 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 University in terms of Sub-section 108(1) of the Universities Act appear in this report. A detailed report in terms of Sub-section 108(2) and Section 111 of the Universities Act was furnished to the Director of the Institute on 22 August 2012.

1:2 Management's Responsibility for 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.

306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, புத்தரமுல்லை இலங்கை
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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 conducting the audit in accordance with Sri Lanka Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

1:4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraphs 2.2.1, 2.2.2 and 2.2.3 of this report I am unable to determine whether adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the income statement, statement of changes in equity and cash flow statement.

2. Financial statements

2:1 Disclaimer of Opinion

Because of the significant of the matters described in paragraphs 2.2.1, 2.2.2 and 2.2.3 of this report, I have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly I do not express an opinion on these financial statements.

2:2 Comments on Financial Statements

2:2:1 Sri Lanka Accounting Standards

Contrary to Sri Lanka Accounting Standard No. 05, a stock of 1,682 books valued at Rs.777,777 which do not fall under stores items had been inappropriately brought to account under the stocks while 115 books valued at Rs.771,683 had not been brought to account in the financial statements.

2:2:2 Accounting Deficiencies

The following matters were observed.

(a) A sum of Rs.97,276 spent by the Institute for the settlement of academic expenses of a foreign student had been reimbursed during the year under review. That amount had been adjusted to the General Reserve Account instead of being adjusted to the relevant expenditure account.

(b) A sum of Rs.131,775 had been paid for the reimbursement of the expenses of 05 students who proceeded abroad on 20 October 2010 to participate in a seminar held in Thailand. That amount had been considered as an expenditure of the year and inappropriately debited to the Academic Research and Publications Account thus overstating the expenditure for the year by that amount.

(c) An Electrical Superintendent attached to the University of Peradeniya had served the Institute and a sum of Rs.14,000 being the charge for the period April 2010 to June 2011 had been debited to the Private Special Services Account. The sum of Rs.9,000 relating to the period April to December 2010 included in that amount had been brought to account as expenditure for the year, thus overstating the expenditure for the year by that amount. A sum of Rs. 31,740 had been paid for the renewal of the annual agreement for servicing photocopiers during the period August 2011 to July 2012 and the sum of Rs.18,515 in respect of the ensuing year included therein had been brought to account as expenditure of the year.

(d) Even though provision for co-ordinating work of a Project implemented in the year 2010 had been made in the accounts for that year, a sum of Rs.12,000 spent in that connection had been brought to account as expenditure of the year, thus overstating the expenditure for the year by that amount.

(e) The expenditure on toner issued from the main stores on 09 February 2010 amounting to Rs.6,000 had been inappropriately brought to account as expenditure of the year under the supply of chemicals.

(f) Twelve ceiling fans purchased at a cost of Rs.66,380 had been brought to account under other supplies instead of being brought to account under the fixed assets.

(g) A sum of Rs.60,000 paid in the year under review to a Professor of the University of Ruhuna for the conduct of seminars in 03 days in the preceding years had been debited to the Seminars Account as expenditure of the year.

(h) A sum of Rs.25,452 paid to a Professor for December 2010 had been brought to account as expenditure of the year thus overstating the expenditure on salaries for the year by that amount.

(i) Even though the allocation made for external lecture fees of the preceding year amounted to Rs.1,117,550, the expenditure incurred in that connection in the year under review amounted to Rs.3,985,475 and the balance had been charged to the External Lecture Fees Account. Thus the expenditure on lecture fees had been overstated by a sum of Rs.2,867,925.

(j) According to the registers maintained by the University of Peradeiya, the expenditure payable by the end of the year under review for the water and electricity consumed by the Institute amounted to Rs.442,012 while the value brought to account under that amounted to Rs.287,128. Thus the expenditure had been understated by a sum of Rs.154,884.

2:2:3 Lack of Evidence for Audit

The evidence indicated against the following items of account had not been submitted to audit.

Item of Accounts	Amount	Evidence not made available
	Rs.	
Fixed Assets	121,319,780	Register of Fixed Assets and Schedules
Library Books	33,387,254	Board of Survey Reports
	154,707,034	

2:2:4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed during the course of audit.

	Reference to Laws, Rules, Regulations, etc.	Non-compliance
(a)	Finance Act, No. 38 of 1971 Section 8(3)	The budgeted statement of Income and Expenditure, Cash Flow Statement, Estimate of Capital Expenditure for the year under review, the budgeted Balance Sheet as at 31 December 2011 had not been presented with the Annual Budget.
(b)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
	i. Financial Regulation 188	Action had not been taken on 06 cheques valued at Rs.10,230 deposited in the Current Account with the Bank of Ceylon Peradeniya Branch from the year 2003 to July 2010 but not realized and 02 cheques and 15 Money Orders valued at Rs.7,440 deposited in the Current Account with the People's Bank, Peradeniya Branch and included in the Bank Reconciliation for December 2011 as unrealized.
	ii. Financial Regulation 371	i. An advance of Rs.10,000 granted to a Lecturer on 28 February 2011 had been settled after 03 months without being used. ii. Even though ad hoc sub-imprests could be granted only to staff officers, a sum of Rs.13,870 had been paid to a student following postgraduate courses.

iii. Financial Regulation 371(5)	Even though the ad hoc sub-imprests should be settled immediately after the completion of the purpose, 02 advances amounting to Rs.221,092 granted in the year under review had not been settled even by the end of the year.
iv. Financial Regulation 571	Even though deposits older than 02 years should either be credited to revenue or settled by taking a proper course of action, such action had not been taken to settle contract deposits amounting to Rs.118,003.
(v) Financial Regulation 880	Even though the officers in charge of Government cash, revenue, goods, etc. as well as those certifying vouchers and signing cheques should furnish adequate security, the Director, the Assistant Registrar, the Senior Bursar, the Cashier, Storekeeper, etc. had not furnished security.
(c) Treasury Circular No. 1A1/2002/02 of 28 November 2002	A Register of Fixed Assets for Computers had not been maintained.
(d) Establishments Code for Universities ------------------------------- Section 8 of Chapter IX	Even though the monthly overtime should not exceed 35 per cent of the monthly consolidated salary, contrary to that 13 employees had been paid a sum of Rs.87,397 in excess of that limit in 49 instances.

(e)	Circular No. PED/12 dated 02 June 2003 of the Director General of Public Enterprises -------------------------------------	
	i. Section 7.4.5	A Board of Survey of the fixed assets had not been conducted.
	ii. Section 8.3.5	Even though the monthly fuel limit of the Director is 180 litres for a petrol motor vehicle fuel exceeding that limit by 168 litres had been obtained in 03 months.
	iii. Section 8.8	Even though authority should be delegated to officers by obtaining the approval of the Board, authority had not been delegated to 47 officers.
(f)	Public Administration Circular No. 41/90 of 10 October 1990.	Even though the fuel consumption of motor vehicles should be tested once in 06 months, such tests had not been carried out on 04 motor vehicles of the Institute. As such fuel consumption had been done by introducing different quantities.
(g)	Section 18 of the Postgraduate Institute of Agriculture Ordinance	Even though there was no provision for incurring expenditure on the Welfare of the Officers of the Institute a sum of Rs.34,000 had been spent in 03 instances in the year under review for such activities.

3. Financial Review

3:1 Financial Results

According to the financial statements presented, the working of the Institute during the year ended 31 December 2011 had resulted in a deficit of Rs.5,369,318 before taking into account the Government grants for recurrent expenditure. After taking into account the Government grant of Rs.22,585,072 received for recurrent expenditure, that deficit had improved to a surplus of Rs.17,215,754. The surplus for the preceding year before taking into account the Government grant for recurrent expenditure amounted to Rs.1,770,860 and after taking into account the Government grant of Rs.18,000,000 for recurrent expenditure, it has improved to a surplus of Rs.19,770,860.

3:2 Transactions not supported by Adequate Authority

The following matters were observed.

(a) A sum of Rs.1,193,432 had been paid as Proficiency Allowances on Second and Third Languages from the year 1996 up to the end of the year under review based on the instructions of a circular issued by the University Grants Commission contrary to the provisions in the Public Enterprises Circular No. PE/1/774/11(b) dated 10 March 1978.

(b) According to the Circular Letter No. PD/1/NS/DL/GS/A078 dated 18 July 2003 of the Director General of National Budget, the academic allowance should not be taken into consideration for the calculation of contributions to the Employees' Provident Fund and the Employees' Trust Fund. Nevertheless, a sum of Rs.490,403 had been overpaid as contribution on academic allowances amounting to Rs.2,724,475 during the years 2001 to 2011.

(c) Bonus of 10 per cent amounting to Rs.156,375 had been paid to the External Lecturers during the year under review for expediting the release of results based on the Board of Management decision No. 150.2.1 dated 24 November 2004 which contravened the University Grants Commission Circular No. 837 of 29 November 2003.

4. Operating Review

4:1 Performance

The following observations are made.

(a) The number of postgraduate students who were engaged in academic activities in the year under review had been 1,255 and in relation to the expenditure incurred thereon, the cost per student amounted to Rs.41,669 and that in the preceding year had been Rs.31,402.

(b) Even though carrying out researches is a main objective of the Institute, only 21 students had been attached to 07 researches for which no internal research expenditure had been incurred in 05 preceding years. Nevertheless, 07 external researches valued at Rs.15,298,947 had been carried out in the year under review. As such, all the researches released through the annual conference held in the year under review at a cost of Rs.1,780,695 had been limited to the results of external researches.

4:2 Underutilization of Funds

Even though no allocation had been made for research work, only 07 external researches had been carried out in the year. Seven researches costing Rs.1,008,769 relating to the years 2004 to 2011 remained without being used.

4:3 Idle and Underutilised Assets

The following observations are made.

(a) Action had not been taken either to make adjustments in the accounts or for the disposal of 09 unusable computer tables and 28 computer accessories.

(b) Out of the Students Manuals purchased in the year 2003 to 2008, a stock of 1,200 books valued at Rs.123,264 remained idle up to the end of the year under review.

(c) Even though a computer software had been purchased for Rs.49,000, that software remained without being used even up to June 2012.

4:4 Uneconomic Transactions

The following observations are made.

(a) Despite the unavailability of provisions in the Universities Act, No. 16 of 1978 and the Postgraduate Institute of Agriculture Ordinance, No. 9 of 1979 for the Institute to establish any centre whatsoever, two Lecturers and a Programme Co-ordinator of the University of Peradeniya had been recruited without the approval of the Board of Management and had paid allowances amounting to Rs.1,608,000 in the years 2008 to 2010 and established two Centres called National Center for Organic Agriculture and Centre for Renewable Energy Sources for them to carry out project work. Those two Centres were not in working condition even by the end of the year under review. A grant of Rs.2,867,220 made to these Centres 03 years ago for consultancy services, resources persons allowances, conduct of workshops and opening a website had not been utilized for the intended purposes.

(b) A sum of Rs.300,000 had been received from a private institution by October 2009 without the approval of the Board of Management for the proposal for the construction of a Model Carbonic Farm at an estimated cost of Rs.1,800,000. That activity had not been commenced even by June 2012.

4:5 Identified Losses

The following observations are made.

(a) A surcharge amounting to Rs.33,635 imposed due to the delay in the payment of the gratuity to a library employee of the Faculty who had retired on 27 September 2008 had been paid to the Assistant Commissioner of Labour on 18 June 2011 on the recommendations of the Finance Committee. That amount had been inappropriately debited to the Retirement Gratuity Account without taking action in terms of Financial Regulation 119 for the recovery of the surcharge from the officer responsible.

(b) According to clause 7(111) of the agreement for the Research Projects of the Council for Agricultural Research Policy of Sri Lanka, on the completion of this research work, the fixed assets of Projects should be transferred to the Institute. Nevertheless, action had not been taken even up to December 2011 for taking over the assets of 04 completed projects valued at Rs.1,415,374.

4:6 Delayed Projects

Even though an electronic identity card system had been installed at a cost of Rs.216,092 as a security system for the identification of students entering the Computer Training Centre of the Institute, that had not been in operation up to the date of audit inspection in June 2012.

4:7 Staff Administration

The following observations are made.

(a) There were 10 vacancies in the academic and non-academic staff. Instead of taking action to fill those posts, external lecturers had been recruited for the delivery of lectures of the Institution and had paid a sum of Rs.7,308,925 as external lecture fees in the year under review.

(b) A Human Resources Budget had not been prepared in terms of Section 9 of the Public Enterprises Circular No. PED/12 of 02 June 2003.

4:8 Failure to Build up a Fund for Provision for Employees' Gratuity

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Action had not been taken to invest effectively the provision of Rs.8,069,831 made for the payment of employees' gratuity.

5. Accountability and Good Governance

5:1 Academic Committees

In terms of Sub-section 14(7) of the Postgraduate Institute of Agriculture Ordinance, at least 06 meetings should be held for each year by the Boards of the Institute. Nevertheless, between 03-05 meetings only had been held by 11 Boards of the Institute.

5:2 Procurement Plan

The following matters were observed.

(a) Even though fixed assets valued at Rs.736,714 had been purchased in the year under review, the Procurement Plan to be prepared in terms of Section 4.2 of the Government Procurement Guidelines and Section 4.2.1 of the Procurement Manual had not been prepared.

(b) The Procurement Time Schedules had not been prepared in terms of Section 4.2.2 of the Government Procurement Guidelines.

5:3 Budgetary Control

The following observations are made.

(a) The income collected in excess of the estimated income of 08 items of income amounted to Rs.10,764,090 and the percentages ranged between 0.87 per cent and 575 per cent.

(b) The collection of income under 10 items of income amounting to Rs.13,798,118 had not reached the estimated income and the percentages ranged between 16 per cent and 88 per cent.

(c) According to Financial Regulation 50(11) the Accounting Officers should ensure that the annual estimates had prepared correctly and completely as far as possible. Nevertheless, the savings under 30 items of expenditure amounted to Rs.20,083,444 and the percentages ranged between 9 per cent and 98 per cent.

(d) The expenditure incurred exceeding the estimated provisions of 17 items of expenditure amounted to Rs.3,649,839 and the percentages ranged between 1 per cent to 159 per cent.

5:4 Tabling of Annual Reports

The following matters were observed.

(a) The Annual Report furnished in terms of Section 6.3.1 of the Circular No. PED/12 of 02 June 2003 of the Director General of Public Enterprises did not include the audited financial statements and according to the student information included in the Annual Report the number of students had been understated by 3,903.

(b) According to the Annual Report prepared for the year 2010, it was stated that the courses on Crop Simulation Modeling and Customer Driven food Product Development had been commenced. Nevertheless, those courses had not been commenced even by the year 2012.

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 through my reports. Special attention is needed in respect of the following areas of control.

(a) Accounting
(b) Fixed Assets
(c) Advances
(d) Purchases
(e) Activities relating to Researches and Grants
(f) Use of Library Books
(g) Conduct of Short Term Courses

H.A.S. Samaraweera
Auditor General

Audit Replies

Query No : CL/KD/J/04/PGIA/2012/28

File No : Assistant Auditor General, Government Audit Branch

Subject : Audit Report – 2011

Replies to the audit report bearing the above no & dated 21.03.2013 are sent herewith.

2.

2.1.1 Value of the books and periodicals stated in the audit report as Rs. 777,777.00 which had not been taken to the inventory items should be corrected as Rs. 615,877.00 .Action has already been taken to remove the value of these books and periodicals from the annual inventory value and show as a separate category under current assets in the annual accounts - 2012.

The value of the books and periodicals amounting to Rs. 777,683.00 stated in the audit report is the value of the text books purchased for the students following Master of Business Administration (MBA) degree and not collected by the students. This has been correctly accounted in the final accounts - 2012.

2.1.2

(a) Not Accepted. As shown under narration to the journal voucher no 114, an amount which should have been shown as a deposit in the year 2010 had been adjusted to the profit by mistake. The deposit balance of the student, Mr. T. Ahmed has been correctly shown in the final accounts by adjusting this value to the general reserve account.

(b) Accounting of Rs. 131,777.00 paid in relation to the previous year as expenditure in the year under review is accepted as an accounting deficiency. Final accounts for the year 2012 has been prepared and submitted for audit by correcting these types of accounting deficiencies.

(c) Payment of Rs. 9,000.00 paid to an electrical engineer and payment of Rs. 31,740.00 paid to renew a maintenance agreement of a photocopy machine which had been accounted as expenditure in the year under review is accepted as an accounting deficiency. Final accounts for the year 2012 has been prepared and submitted for audit by correcting these types of accounting deficiencies.

(d) An amount of Rs. 12,000.00 paid as a project coordination fee relevant to the year 2010 which had been accounted as expenditure in the year under review is accepted as an accounting deficiency. Final accounts for the year 2012 has been prepared and submitted for audit by correcting these types of accounting deficiencies.

(e) Payment of Rs. 6,000.00 incurred for obtaining toners from the main stores in the year 2010 which had been accounted as expenditure in the year under review is accepted an accounting deficiency. Final accounts for the year 2012 has been prepared and submitted for audit by correcting these types of accounting deficiencies.

(f) Action has already been taken to account Rs. 66,380.00 incurred in respect of purchasing ceiling fans under fixed assets and provide depreciation from the date of purchase in the final accounts - 2012.

(g) Accounting of Rs. 60,000.00 paid to a University Professor attached to the University of Ruhuna relevant to the previous year as expenditure in the year under review is accepted an accounting deficiency. Final accounts for the year 2012 has been prepared and submitted for audit by correcting these types of accounting deficiencies.

(h) Accounting of Rs. 25,452.00 paid to a University Professor for the period of 15th December - 31st December, 2010 is an accounting lapse in the year under review. Final accounts for the year 2012 has been prepared and submitted for audit by correcting these types of accounting deficiencies.

(i) Accounting of Rs. 2,867,925.00 paid as visiting lecture fees by exceeding the provision of Rs. 1,117,550.00 for the previous years as expenditure in the year under review without adjusting to the general reserve is accepted as an accounting deficiency. Final accounts for the year 2012 has been prepared by making adequate provisions for visiting lecture fee payables and submitted for audit.

(j) According to the records maintained at the Postgraduate Institute of Agriculture an amount of Rs. 287,128.00 payable to the University of Peradeniya for water and electricity had been provided in the final accounts. But the amount payable to the University had been stated as Rs. 442,012.00 by the University. Therefore action has already been taken to provide all payment details to the Registrar of the University and settle the due amount.

2.2.3. **Fixed Asset Register and Schedules**

Details of the fixed assets are being entered in a computer software purchased by the Institute and it is now at the final stage of completion. Further, inventory records for all fixed assets purchased by the Institute are being maintained in the administration and other relevant branches and are up to date.

Board of Survey Reports for library books & periodicals

Details of all books and periodicals in the library have been entered in an Access Register and a Computer Software and survey work has already been started and now at the final stage of completion.

2.2.4

(a) Statements stated in the audit report are not requested to be prepared by the University Grants Commission in their circular instructions for the preparation of annual budgets. But it is noted to prepare the budgeted cash flow statement and the budgeted balance sheet along with the annual budget as pointed out in the audit report.

(b) (i) Action has already been taken to obtain clarifications from relevant banks on the unrealized cheques and action will be taken as per the provisions of the F.R. 188 with the recommendation of the Finance Committee and the approval of the Board of Management.

(ii) (i) This advance had been granted to a supervisor of a student who is following a MPhil degree programme in this Institution for some additional works related to a Construction of a Garbage Disposal Place. But due to the bad weather condition prevailed in the area this work was not commenced and advance was settled in full.

(ii) It is accepted that this advance had been granted for research expenditure of a student. But it is noted to grant advances only to staff officers and not to any outsider.

(iii) Mr. D.N. Jayasinghe

Establishment Branch and the Bursar of the University of Peradeniya were informed on the recovery of this advance when releasing the Provident Fund of this employee. Since no action has been taken yet to recover this amount this matter will be taken at the next Finance Committee and action will be taken according to the decision of the committee.

E.W. Information Systems Limited

Action has already been taken to settle the advance amount of Rs. 216,092.00

(iv) After obtaining confirmations from the depositors, an amount of Rs. 10,000.00 was refunded to a depositor in the year 2012 and the balance amount of Rs. 108,003.00 was transferred to the general income of the Institution with the recommendation of the Finance Committee and the approval of the Board of Management.

(v) According to the UGC Circular No: 752 issued by the University Grants Commission, the Chairman of the University Grants Commission or the Head of the Department can release the officers from the requirement of submitting such deposits. (Annex - 1)

Also appointments, transfers, promotions of the staff officers of the Higher Educational Institutes are carried out by the University Grants Commission. Further action has already been taken to obtain the deposit from the Store-Keeper.

(c) The details of the computers are being entered in a computer software purchased by the Institution. Also the inventory records for all fixed assets are being maintained in the Administration and other relevant branches and are up to date.

(d) Since most of the lectures of the Institute are being conducted till 9 p.m. on weekdays and holidays, it is essential to keep opened the computer labs, student admission branch and the library for the for the use of students. Also special fees are charged from students for providing these services. Income generated for providing these services during the year under review are given below;

IT fees	-	Rs. 2,078,051.00
Rent on properties	-	Rs. 452,250.00
Library fees	-	Rs. 300,540.00

However all possible measures will be taken to limit the overtime expenditure as pointed out in the audit report and action will be taken to obtain proper approval as per the provisions given under Chapter IX, Para 08 of the Establishment Code.

(e) (i) Action has already been taken to conduct the Board of Survey for the Year 2012 and the report has been sent to the relevant authorities on 17th September 2012.

(ii) This vehicle has not been used as the assigned vehicle to the Director and used for students' activities and other activities of the Institute as well during the year under review. However the amount of fuel stated in the Audit report as the amount obtained during the month of January, 2012 should be corrected as 75 liters.

However from the month of October, 2012 this vehicle has been assigned to the Director and an allowance is paid as per the UGC Circular No 2/2011.

(iii) Action has been taken to delegate authorities and assign duties to the staff of the Institute starting from January, 2013.

(f) A fuel test has been carried out for all vehicles of the Institute and fuel balancing for all vehicles is carried out accordingly starting from January, 2013.

(g) The amount of free railway warrants which was not claimed by the staff members of the Institute was paid as transport charges of the annual trip organized by the PGIA in order to enhance the staff welfare and the harmony among staff members of the PGIA.

3.

3.1 Noted. Information provided is accurate.

3.2

(a) Payment of Language Proficiency Allowance to the staff of the PGIA has been done according to the circular instructions of the UGC and the letters issued by the establishment branch of the University of Peradeniya. However this payment has not been made to the staff recruited after 01.01.2003 according to the instructions given under UGC Circular No UGC/FR/6/3/4 (ឆ). A letter was forwarded to the UGC to obtain further clarifications and a copy of the reply received by the PGIA clarifying the above matter is attached hereto. (Annex -2)

(b) Academic Allowance was considered for the calculation of contributions for Provident Fund (PF) and Employees Trust Fund (ETF) according to the UGC Establishment circular letter Nos: 08/1997, 8/1998 and UGC/HR/3/9/48. However, as per the UGC Circular No: 955 issued on 2011.04.28, this payment has been stopped with effect from 01st May 2011.

4.1 This payment was made with the approval of the Board of Management decision to expedite the submission of marks of the students of the PGIA. However action was taken to stop the payment of bonus

(a) The details of all students are being entered in a computer software by the admission branch of the PGIA and per capita cost of a student will be calculated based on the accurate no of students and submitted for audit soon after the data entering work is completed.

(b) Funds were not allocated for internal researches as no proper methodology was available to the PGIA for funding researches. But as per the Board of Management decision No 178.3.2, an agreement for funding researches has now been prepared and funds are allocated annually for M.Sc., MPhil and PhD researches with a national importance as selected by the PGIA.

4.3

(a) Immediate action will be taken to appoint a Board of Survey to obtain recommendations on the 09 Nos of computer tables and 28 Nos of computer accessories mentioned in the audit report and action will be taken to dispose or repair these items.

(b) Prospectus printed long before which cannot be used currently have already been disposed with the recommendation of the Finance Committee and the approval of the Board of Management.

(c) Action is being taken to enter the details of fixed assets of the PGIA in a computer software and the updating in at the final stage.

4.4

(a) As shown in the previous audit reports, action has already been taken to close down these two centres as they were not established by following proper rules & procedures. The final progress reports of these centres has sent to the relevant authorities and available for audit inspection at any time. These centres were not in operation during the year under review.

(b) A grant of Rs. 300,000.00 received from Mendis and Company for the preparation of an organic farm under the Kaduwela Project was released to cover the preliminary expenses of this project. This project was planned to be conducted under the Centres referred to in 4.4 (a) above and as these Centres were close down the activities of this project were also stopped on the way.

4.5

(a) Action will be taken to recover the surcharge paid by the PGIA from the responsible parties on the recommendations of the investigation committee appointed by the Registrar of the University of Peradeniya.

(b) Most of the assets purchased under the CARF research grant such as lab equipments cannot be used for the normal activities of the PGIA. Therefore action will be taken to handover such equipments to those departments with the due approval and to take over other equipments by the PGIA.

4.6 Mobilization advance of Rs.216,092.00 was granted for preliminary works on a bank guarantee and the installation works are now completed. But payment was delayed due to the delay in obtaining the technical evaluation committee recommendation. Therefore the company temporarily stopped the system. But now an interim payment has been made for the work completed after deducting maximum delay charges of 5% with the recommendation of the Technical Evaluation Committee. Accordingly the company has already taken actions to activate the student access control system and the balance works of the contract are now been attended by the company.

4.7

(a) Vacant academic staff positions stated in the audit report are filled when needs arise as per the UGC letter no UGC/HR/09/01/59 dated 19/03/2008 to be paid out of generated funds of the Postgraduate Institute of Agriculture. (Annex-4)

An approximate annual payment of Rs. 6,974,168.00 including all allowances has to be spent to fill these academic cadre provisions. But if visiting lecturer is recruited without filling these cadre provisions minimum of 2 credits can be offered and the total amount payable at the minimum hourly rate is Rs. 30,000.00. Therefore the total amount payable to get the same service without filling those cadre provisions is Rs. 960,000.00 (Rs.30,000.00 x 2 x 2 x 8) . Therefore it is not worthwhile to fill all academic cadre positions and recruitments are done when needs arises.

Also a request has been made to University Grants Commission to convert two Senior Lecturer positions in to Teaching Assistants (Annex - 5)

(b). Noted .Action will be taken to pay attention in this regard.

4.8 Not accepted. All additional funds of the institute have been invested under a proper plan including provisions for gratuities.

5.

5.1 Minimum number of board of study meetings were not held during the year under review as the academic staff resigned from their voluntarily positions during the union action period which continued more than 3 ½ months in the year 2011. But year calendar for all meetings has already been prepared and action will be taken to conduct all meetings as scheduled.

5.2

(a) Action has already been taken to prepare a procurement plan for the year 2013 covering all activities including procurement of goods and equipments, provisioning of services, construction and renovation of the PGIA as shown in previous audit reports.

(b) Accepted. Procurement time table for the procurement plan prepared for the year 2013 has been prepared and sent to relevant authorities.

5.3

(a) Explanations for collection of income than estimated in relation to 08 income heads are given below;

Subject	Budgeted Amount	Actual Income	Difference	Percentage %	Explanation
Loan Interest	200,000	209,008	(9,008)	4.50	Since staff loans were more than expected during the year under review, interests were also received than estimated.
Investment Interest	6,000,000	9,665,419	(3,665,419)	61.09	Due to the increase in bank interest rates for fixed deposits during the year.
Rent from Properties	330,000	452,250	(122,250)	37.04	Hiring charges were increased for guest house and auditorium during the year under review.
Miscellaneous receipts	400,000	1964,713	(1,564,713)	391.17	As pointed out in previous audit reports, scholarship funds and other non-operational grants were abolished and transferred to the income of the institution.
Student welfare fess	250,000	286,755	(36,755)	14.70	Arrears were paid during the year under review.
Supervision Fees	1,100,000	1,109,657	(9,657)	0.87	Increase as a percentage is 0.9%.
Annual Congress Fees	800,000	5,407,795	(4,607,795)	575.97	As shown in previous audit reports, congress fund was abolished and taken to the income of the institute.
Overhead Charges	600,000	1,348,493	(748,493)	124.74	Receipt of overhead charges from workshops and activities organized by the Crossing Boundaries and CAPNET Lanka Project during the year under review.

(b). Explanations for not reaching to the estimated income in relation to 10 income heads with an aggregate of Rs. 13,798,118.00 are given below;

Subject	Budgeted Amount	Actual Income	Difference	Percentage %	Explanation
Library Fees	950,000	300,540	649,460	68.36	Enrolment of students to the new academic year got delayed due to the union action of the academic staff of the university system continued more than 03 months. Therefore the expected income was not received.
Registration Fees	6,000,000	4,966,910	1,033,090	17.21	-Do-
Lecture Fees	30,000,000	19,077,414	10,922,586	36.40	-Do-
Examination Fees	500,000	409,800	90,200	18.04	-Do-
Medical Fees	250,000	191,605	58,395	23.35	-Do-
IT Charges	2,500,000	2,078,051	421,949	16.87	-Do-
Sale of Publication	1,100,000	655,707	444,293	40.39	-Do-
Sale of old Stores	20,000	2,322	17,678	88.39	Sale of old stores was not carried out during the year as expected.
External Services	200,000	55,000	145,000	72.50	Expected income was not received.
Library Fines	32,000	16,533	15,467	48.33	Due to the proper management of the library, books were returned on time by the students and thus collection of fines was minimal during the year under review.

(c) Estimated expenditure stated in the audit report should be changed as Rs 19,383,743 and the explanations for the over estimations in expenditure votes are given below;

Subject	Estimated Expenditure	Actual Expenditure	Savings	Percentage %	Explanations
Chemicals & Glassware	700,000	11,350	688,650	98.37	Actual expenditure should be changed as Rs. 654,923.00. Accordingly over estimation is 1.6 % as a percentage.
Transport	475,000	161,455	313,545	66	Expenditure was incurred as expected.
Salaries & wages	16,481,000	12,745,477	3,735,523	22.66	Filling of some academic staff positions were not finalized as scheduled during the year under review.
UPF	2,103,000	1,751,858	351,142	16.69	-Do-
ETF	507,000	454,107	454,107	10.43	-Do-
Cost of living allowance	3,402,000	3,074,205	327,795	9.63	-Do-
Other allowances	83,000	21,637	61,363	73.93	-Do-
Visiting Lecture Fees	14,000,000	7,926,163	6,073,837	43.38	Scheduled lectures were not held as planned due to the union action of the academic staff and thus planned expenditure was not incurred.
Visiting Lecturer travelling payments	1,500,000	408637	1,091,363	72.75	-Do-
Examination fees	2,100,000	1,178,716	921,284	43.87	-Do-
Overtime	2,300,000	1,938,769	361,231	15.70	Due to the union action of the academic staff members, provision of other services on overtime was also limited.
Holiday	171,000	24,417	146,583	85.72	-Do-

payments					
Postal Charges	300,000	203,836	96,164	32.05	-Do-
Travelling Expenses (domestic)	300,000	86,548	213,452	71.15	Activities were not carried out as planned & over estimation has been reported in these expenditure votes.
Electricity	1,300,000	935,252	364,748	28.05	-Do-
Stationery	1,250,000	697,070	552,930	44.23	-Do-
Fuel	700,000	600,189	99,811	14.25	-Do-
Mechanical and electrical supplies	75,000	24,999	50,001	66.66	-Do-
Workshops	2,000,000	321,500	1,678,500	83.92	-Do-
Academic Research	300,000	131,775	168,225	56.07	-Do-
Entertainment Expenses	300,000	216,106	83,894	71.91	-Do-
Medical Supplies	75,000	9,408	65,592	87.45	Not accepted. Actual expenditure is Rs. 65,536.00
Vehicle repair and maintenance	200,000	177,773	22,227	11.11	Repair works were not carried out as planned.
Water charges	200,000	143,422	56,578	28.28	Accepted.
Staff development	200,000	41,784	158,216	79.10	Workshops were not organized as expected for the employees of the institute.
Postgraduate research and publications	2,400,000	883,293	1,516,707	63.19	Estimates were prepared for the foreign student grants under this vote but were accounted under separate grant accounts.
Holiday warrants	30,000	12,680	17,320	57.73	Expenditure was incurred as expected.
Donations	25,000	7,500	17,500	70	Estimations were made for long service awards for the year 2011 for the employees who had completed the prescribed no of

					years in the service as per the regulations. But recommendations were not received from the establishment branch of the University of Peradeniya during the year under review.
Bank Charges	100,000	28,082	71,918	71.91	Bank debit tax was abolished with effect from April, 2011.
Others	800,000	75,548	724,452	90.55	Expenditure was not incurred as expected.

(d) Explanations for incurring expenditure by exceeding the allocated amount in relation to 17 votes are given below;

Subject	Estimated Expenditure	Actual Expenditure	Over Expenditure	Percentage %	Explanations
Pension	371,000	428,431	(57,431)	15.48	According to the UGC Circular No: 14/2011 dated 2011.07.19, pension was paid to the Cost of Living Allowance since 2006.
Academic allowance	329,000	611,967	(282,967)	86	According to the UGC Circular No: 961 dated 2011.08.05, allowances were increased from July 2011.
Language proficiency allowance	71,000	74,960	(8,960)	5.57	Arrears for previous year which had not been estimated were paid in the year under review.
Provisions for retiring gratuity	900,000	2,337,940	(1,437,940)	159.77	According to the UGC Circular No: 14/2011 dated 19.07.2011, Cost of Living Allowance was considered for the calculation of gratuity payment.
Uniforms	40,000	81,310	(41,310)	103.27	An arrears payment for the last year was paid in this

					year.
Others	525,000	706,641	(181,641)	34.59	Entertainment allowance was claimed by the newly appointed director.
Property, plant and equipment	475,000	533,290	(58,290)	12.27	Some essential expenditure which had not been estimated was incurred during the year under review.
Communication	1,100,000	1,116,474	(16,474)	1.49	Under estimation as a percentage is 1.5%.
Security services	175,000	272,625	(97,625)	55.78	According to the letter dated 29.08.2011 issued by the Ministry of Higher Education, it was made mandatory to obtain the security services from Rakna Arakshaka Lanka Ltd and prices for the same were increased than expected.
Cleaning and Janitorial services	700,000	832,703	(132,703)	18.95	Rates were increased when renewing the service during the year than expected.
Stamp Fees	750,000	798,354	(48,354)	6.44	Under estimation as a percentage is 6.4%.
Others	305,000	376,720	(71,720)	23.51	Post of Systems Analyst of the PGIA was vacant during the year under review and payments were made to Information Technology Centre for obtaining essential services.
Special Services	550,000	669,000	(119,000)	21.63	According to the UGC Circular No: 4/2011 dated 29.04.2011, allowance for board of management members was increased during the year.

Vocational and others	350,000	477,758	(127,755)	36.50	According to the UGC Circular No: 8/2012 dated 23.04.2012, allowance paid to the technical trainees was increased from Rs. 150.00 to Rs. 500.00 per day.
Student and staff development	200,000	205,875	(5,875)	2.93	Increase as a percentage is 2%.
Convocations	1,600,000	1,780,695	(180,695)	11.29	Estimated amounts in some of the expenditure votes were exceeded and sponsorships from outside organizations were obtained to cover those expenses.
Course materials and text books	5,000,000	5,786,096	(786,096)	15.72	Estimates were prepared to purchase Indian edition for all text books whereas Indian edition was not available for some books when tenders were invited. Therefore International edition was purchased for those books and the estimated amount was exceeded. However action has been taken to charge the increased amounts from students.

As depicted in the audit report, special attention will be paid when income and expenditure estimates are prepared from 2012 onwards in order to prepare a budget with minimum deviations in a more realistic manner.

5.4

(a) Number of students stated in the annual report is the total number of registered students in the year 2010 whereas the number of students stated in the audit report is the total number of students of the Postgraduate Institute of Agriculture.

(b) These programmes were stated as commenced programmes in the annual report - 2011 by mistake. This has been corrected in the annual report - 2012.

6. Noted. Relevant officers will be informed on this and corrective measures will be taken to rectify the issues as shown in the audit report.

I hold myself personally responsible for the above explanations submitted in reply to your query.

Prof. Colin N Peiris
Director
Postgraduate Institute of Agriculture

Copies:-

1. Secretary, Ministry of Higher Education
2. Secretary, Ministry of finance and planning
3. Chairperson, University Grants Commission
4. Vice-Chancellor, University of Peradeniya
5. Deputy Internal Auditor, University of Peradeniya