Annual Report

2010

POSTGRADUATE INSTITUTE OF MANAGEMENT
University of Sri Jayewardenepura

INTRODUCTION

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

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

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

Intent

During the five-year period of the work of the Postgraduate Institute of Management (PIM) will be driven by the desire to become the Centre of Excellence in Management in the South Asian and Middle Eastern regions.

This is a logical state which follows the Institute's progress so far of becoming the centre of excellence for providing and developing higher education in management in Sri Lanka. The next stage of development for the Institute is to dedicate itself to excellence in management in the region.

Mission

To fashion management education and innovation along the Fivefold Path of Vision, Effort, Harmony, Restraint, and Caring. Our task is to develop leaders who will direct the energies of their men and women along this Fivefold Path, and produce managers who will create value in their enterprises for the benefit of the larger society.

Values

PIM strongly believes that civilized human progress in modern times requires:

- Knowledge-based study strongly supported by action-learning,
- Continuous development of competence to perform,
- Unwavering commitment to disciplined professionalism, and
- Devotion to innovation for the purpose of creation of value

These are the four pillars of the programme's ideology. We earnestly expect all those who enter the Institute to be imbued with it.

The aforesaid benefits are underpinned by a five-point corporate value system:

- Shunning mediocrity in everything we do.
- Being active in valued knowledge creation.
- Creativity in knowledge acquisition and dissemination.
- Continuous improvement in everything we do.
- Integrity and transparency in all our decisions and actions.

Goals

PIM's four-point corporate goals for the next five years are as follows:

- Beat competition and continue to be the leader in markets in which the Institute chooses to operate – continue to be the Nation's School of Business.
- Heighten the relevance of the Institute by extending its mainstream programmes of study to emerging fields of management study.
- Enhance managerial competencies in selected areas through the conduct of organization–specific, short-run executive development programmes.
- Raise the relevance and quality of programmes of study, continually.

Director's Review:

Thirty years ago, when PIM embarked on the national task of developing managers for Sri Lanka through the special program introduced at the Division of Postgraduate Studies headed by the founder Director, there was little concern in the country about management education at high level. Neither the government nor the private sector was interested. Therefore, the founder Director negotiated with the Canadian International Development Agency (CIDA) to obtain assistance to set up an MBA degree program in Sri Lanka. In the early 1980's then a monopolistic market was created in the country, Now, nearly 30 years later, the market is very different and competitive.

Today, eight universities in the country offer MBA and similar higher degrees. Over a dozen private, off-shore MBA programs compete with PIM. These programs are advertised heavily using foreign funds and charge fees in excess of double that of PIM for their MBA programs. Competition comes from lowering of entry qualifications, use of local university faculty for visiting lectures and the so called 'prestigious' names they carry, especially in the eyes of some who in their dependent mode of thinking believe that any thing foreign is superior to that of our own.

The foregoing poses the biggest challenge to PIM which operates on its own funds. Private institutions are not subject to the restrictions of salaries and other expenses that is PIM subjected to. Furthermore, PIM has to earn funds to pay salaries, electricity bills, insurance, taxes, visiting lecturers, and for building maintenance, security, equipment, supplies, transport and audit fees. This is a very unique situation in the government of Sri Lanka where public officers have to earn their salaries, and run the institution with 26 employees.

During the year, PIM was directed by the Board of Management on the basis of the corporate plan for 2009-11. Overall results in the key result areas of research, graduate education, training and consultancy services, new educational initiatives, and generating income to maintain self-financed status of the Institute have been encouraging.

Achievements:

Our objectives are to promote advanced education and professionalism in management in Sri Lanka through the provision of postgraduate instruction, training, research and development in the various branches of management and administrative studies. Today it serves the national interests of professional management education and training on wider scale, providing challenging opportunities for learning and skills development, to thousands of senior level managers and administrators.

Being the pioneer of advanced management education in Sri Lanka, PIM provides leadership to those who are in the business of innovating and disseminating management know-how, as well as to those who are in search of higher learning alternatives.

As a pioneer in advanced management education in South Asia, we endeavour to embody the knowledge and practice of management in the national and international context of management.

Our central task is to fashion management education and innovation in the Fivefold path of Vision, Effort, Harmony, Restraint and Caring; and our overall task is to leaders who will direct energies of their men and women along with the fivefold path and produce managers who will create value in their enterprises for the benefit of the larger society.

Improvement of Facilities

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

- Physical Training Centre – Many student mangers who follow the MBA program of the Institute are unable to strike the vital *work-life-learn* balance. Stress and ill health are often the consequences of the neglect of physical well being. PIM student-managers ought to appreciate the centrality of managing the four facets of life namely, physical, mental, social, and spiritual. The Centre helps achieve this intent.

  For this purpose, an unused area of the stores on the ground floor of the building was converted into a Physical Training Centre. Corporate sponsorship was provided by Sri Lnaka Telecom to meet the initial cost of equipment.

- Web based student progress reporting system – The system was developed for students to find out their up-to-date individual academic performance during the MBA program through the web. Marks achieved with respect to each course, course average, and their standing *vis a vis* the batch of students *are* some of the information they can access.

- The Car Park was re-constructed, using interlocks which makes it readily usable during rainy days, in particular.

- Facility lecture rooms, their cubicles in particular were refurbished. New chairs/tables were introduced to the students study areas and two lecture rooms.

- Sound systems in the lecture rooms were upgraded.

- The building was color washed and maintenance activity continued unabated.

- Automated bar code system was introduced which removes the need for manual register of student attendance.

- On line student evaluation of faculty members was introduced, and on line uploading of course material, and on line up date of students course marks continued during the year.

TRAINING AND CONSULTANCY

An unprecedented number of EDPs was conducted in 2010

	Organization	Program	Commencement	Conclusion
1	SLASSCOM Sri Lanka Association of Software Companies	Postgraduate Certificate Course in Management	October 14, 2009	February 05, 2010
2	Hemas Holdings PLC	General Management Program	November 07, 2009	March 06, 2010
3	Hatton National Bank	Certificate Course in Executive Management	March 06, 2010	July 03, 2010
4	Rajarata University of Sri Lanka	Professional Training for Academic Staff Leadership Development	February 24, 2010	February 26, 2010
5	Rajarata University of Sri Lanka	Professional Training for Academic Staff - Management Development	March 04, 2010	March 05, 2010

6	SUNTEL Ltd.	Management Development Training Program	March 06, 2010	April 24, 2010
7	Sri Lanka Export Development Board (SLEDB)	Management Development Program	March 15, 2010	April 25, 2010
8	Sri Lanka Airlines	Recruitment of Graduate Trainees To conduct Admission Test, and mark answer scripts	August, 2010	August 09, 2010
9	Ceylon Petroleum Corporation - Ceypetco	Workshop on positive attitude, Employee commitment & Leadership	September 11, 2010	September 25, 2010

COURSE PLANNING AND DELIVERY

Fresh attempts were made to improve quality and relevance of the MBA program in order to stay ahead of competition, while delivering value to the student-managers following the program. The following changes were made over the year:

a) *Course Outlines* were redesigned to provide sharper content and clearer direction. A comprehensive and clearly thought-out course structure, along with the listing of mandatory readings have helped the (i) lecturer in terms of course preparation and delivery, and (ii) the student–managers who are now able to prepare in advance for a particular session. (Please refer Annex of a sample course outline).

b) *Delivery Mode:* Two specific changes were made. First, only a third of a three-hour session is typically devoted to a lecture proper, i.e. *Tell.* The remainder of the session is devoted to *Show* (eg. video), *Ask* (discussion/debate), and *Do* (exercise or case study). The faculty is cognizant of the need to use all four modes of delivery to create a positive impact on the student-managers and achieve the desired learning outcomes.

c) *Guest Lectures:* There is greater involvement of key people from the industry to deliver guest lectures on selected topics. These sessions are pre-planned and included in the course outlines. These guest appearances have been useful and they in fact create a vital point of difference between our MBA program and that of our competitors.

d) *Release of Marks:* The faculty has been set a deadline for the timely release of marks. That is 21 days from the date of the final exam. This is closely followed up, and it constitutes a KPI of the faculty.

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

The collation of the above mentioned KPI's make up the formula of 4 x 4 x 3 for the faculty.

4 = A mix of four delivery modes
4 = Student evaluation of 4 out of 5
3 = Final marks released within 3 weeks from the date of exam

An important feature of program delivery is residential workshops. Usually, they are held in hotels away from Metros, and three such workshops were held during the year. These workshops help students and faculty to examine selected issues under certain modules in an environment of relaxation that promotes creativity in group settings.

THE 5M FRAMEWORK FOR DEVELOPMENT

In order to take PIM forward in the years ahead, a five dimensional program of action was adopted. The 5Ms described were Market, Members (faculty and staff), Mentors (faculty assigned to provide feedback and guidance), Monitors (student monitors for each batch) and MBA's(Alumni).

POSTGRADUATE OUTPUT

The number of students that completed the Masters degree/Postgraduate Diploma requirements during the year are as follows:

Doctor of Philosophy in Business Administration	01
Master of Business Administration	327
MBA in Banking & Finance	02
MBA Human Resource Management	42
Master of Customs Administration	60
Master of Public Administration	01
Postgraduate Diploma in Public Administration	01
Postgraduate Diploma in Business Administration	03
Postgraduate Diploma in Banking & Finance	01
Total Number of Graduates	438

These graduates received their postgraduate degrees at the Convocation of the University held on July 23, 2011.

PUBLICITY AND IMAGE

A conscious effort was made to publicize all activities/events of the Institute in 2010. The press and TV extensively covered all activities/events, thus increasing the visibility of PIM.

A PIM T-shirt and cap were designed and sold to students and alumni in March, 2009

RESEARCH, PUBLICATIONS AND THE LIBRARY

Research in management in Sri Lanka is now at a rather primitive stage. While we are yet to develop a research tradition in the discipline, the real challenge is to find a paradigm in which our major research efforts could be organized and promoted.

The principal objective of research (and publication of findings) is to explore the local management content for the enrichment of management as a profession, as well as a science. We seek ways of upgrading methods and logical approached to research, so that the quality of outputs can be pushed upward to respectable levels. PIM research objectives address the vital gaps in knowledge in the Sri Lankan context, and the need to making 'knowledge' socially useful.

The *Sri Lankan Journal of Management (SLJM),* the quarterly Journal of the Institute, started in 1996, continues to provide a forum for publication and discussion. Two bumper issues of the SLJM were published during the year 2009. The principal object of the SLJM is to provide a medium for addressing of issues, practices and developments in management and for disseminating the results of research and study in these areas. The journal is open to scholars and practitioners to publish their work in the field of management.

The *Professional Manager,* the bi-annual magazine was launched, in addition to the SLJM, to cater to the emerging needs of the modern manager. The intent of introducing the Professional Manager to the market was to disseminate cutting edge management knowledge in a style that is easy to comprehend. It does not have a particular functional bias, but addresses issues that are both topical and significant to the modern manager operating in a complex and turbulent environment.

A collection of articles which are easy to read, and rich in context, comprised the second issue of the magazine.

Expansion of Library (including video library) commenced in February 2010. A sum of Rs.2 million was set aside for the expansion program

The library was further upgraded to accommodate more users, and the following facilities were made available for the convenience of users:

Research collection & information assistance
Inter-library loans
Subject bibliographies and displays
Internet connectivity and videos
Automated catalogue

By end of the year 2010, over 30,000 books on management and related areas, and 60 journals and periodicals were made available for the readership.

In order to ensure an efficient service in the library, a bar coded circulation system was introduced as part of the program of library modernization.

BUSINESS AND MARKET LINKS; MANAGEMENT DEVELOPMENT & TRAINING

As a matter of policy, the Institute undertakes management consultancy assignments which are likely to contribute towards improvement of the content and skills of faculty teaching through exposure to practical management problems. In 2010 a number of management consultancies were successfully completed in such areas as corporate planning, organizational re structuring, job analysis and remuneration policy, training and development and institutional development.

Client-focused training for employees is another activity that the Institute undertakes in its effort to be a working partner of the business community. The clients include both public and private sector institutions engaged in manufacturing, services such as banking, finance, insurance and special services. During the year a large cross-section of such workshops and training programs were conducted.

Board of Management: The Board of Management which is the academic and executive body of the Institute was represented by the following members during the year:

Prof. Uditha Liyanage, Director and Chairman of the Board
Secretary, Ministry of Higher Education (Rep. Mr Piyasena Ranepura)
Secretary, Ministry of Public Administration (Rep. Mr W M P G Wickramasinghe)
Secretary, Ministry of Finance (Rep. Dr R H S Samaratunga)
Director General, National Institute of Business Management (Dr E A Weerasinghe)
President, Institute of Chartered Accountants, Sri Lanka (Mr Sujeewa Mudalige)
President, Institution of Engineers, Sri Lanka (Dr Dharmasiri de Alwis)
Chairman, Ceylon Chamber of Commerce (Dr Anura Ekanayake)
Dean, Faculty of Management Studies and Commerce, USJ (Prof. Sampath Amaratunga)
Director, Sri Lanka Institute of Development Administration (Mr W M Bandusena)

Prof. Abeyratne Bandara, Dept. of Finance, University of Sri Jayewardenepura
Prof H H D N P Opatha, Dept. of HRM, University of Sri Jayewardenepura
Prof D A Tantrigoda, Department of Physics, University of Sri Jayewardenepura
Prof. M L A Carder, University of Peradeniya
Mr M N Junaid, Co-Chairman, National Salaries and Cadres Commission
Mr Gamini Munasinghe, Director, Environment Resources Investment PLC
Dr Devapriya Nugawela, Chairman, Link Natural Products
Dr Wickrema Weerasooria, Insurance Ombudsmen of Sri Lanka

Board of Study: The Board of Study was represented by the following members during the year:

Board of Study in Business Administration

Prof Uditha Liyanage, Director, PIM (Chairman)
Prof. Sampath Amaratunga, Dean, Faculty of Management Studies and Commerce, USJ
Prof. David Evans, Visiting Professor
Mr Eardly Perera, Director, Dunamics Capital PLC
Dr Travis Perera, Senior Consultant, PIM
Dr Wickrema Weerasooria, Insurance Ombudsman in Sri Lanka
Dr G C B Wijeyesinghe, Chartered Accountant

Board of Study in Public Administration

Prof Uditha Liyanage, Director, PIM (Chairman)
Dr H M A Herath, Dept. of Public Adm., University of Sri Jayewardenepua
Prof S W Ranasinghe, The Open University of Sri Lanka
Dr Lloyd Fernando, Program Director, MPA Program
Mr Lalith Weeratunga, Secretary to H E the President
Dr Jayampathy Wickremaratne, President's Counsel
Prof. M W Wickremaarachchi, University of Sri Jayewardenepura

During the year, PIM was directed by the Board of management on the basis of the corporate plan for 2009-2011. Overall results in the key areas of research, graduate education, training and consultancy services, new educational initiatives, and generating income to maintain self-financed status of the Institute have been encouraging.

Students Enrolment:

Course	No. of students
Master of Business Administration	196
Master of Customs Administration	65
MBA - International Trade & Logistics	66
Master of Public Administration	51
MBA - Human Resource Management	37
Total	415

The above mentioned academic programs were conducted during the year, and the curricula of the programs were improved in keeping with the emerging trends and areas of knowledge.

Fresh attempts were made to improve quality and relevance of the MBA program in order to stay ahead of competition, while delivering value to the student managers following the programs. The following changes were made over the year.

a. Course Outlines were redesigned to provide sharper content and clearer direction.

b. Delivery mode: Two specific changes were made. First only a third of the three-hour session is typically devoted to a lecture proper, i.e., Tell. The remainder of the session is devoted to (e.g. Video) show, Ask (discussion/debate), and Do (exercise and case study). The faculty is cognizant of the need to use all four modes of delivery to create a positive impact on the student managers, and achieve the desired learning outcomes.

c. Guest lectures: There is a greater involvement of key people from industry to deliver guest lectures on selected topics. These sessions are pre-planned and included in the course outline. These guest appearances have been useful, and they, in fact, create a vital point of difference between PIM's MBA programs and those of the competitors.

d. Release of Marks: The faculty has been set a deadline for the timely release of marks. That is 21 days from the date of the final examination. This is closely followed up, and it constitutes a KPI (key performance indicator) of the faculty.

e. Student Evaluation: This is an important assessment of the student's perception of the course. The semester-end evaluation by individual students is summarized, and the respective faculty members are informed of their performance as perceived by student-managers. This is considered another faculty KPI.

Faculty Resources:

The following faculty team comprising permanent lecturers, lecturers on contract and visiting academics/professionals served the Institute during the year 2010:

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

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

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

Dr Ajantha Dharmasiri, B.Sc. Eng. (Moratuwa), MBA (PIM-USJ), Ph. D. (PIM-USJ), Senior Consultant

Mr Sisira Athuraliyage, B.Sc. Phy. Sc. (Ruhuna), M.Sc. Comp. Sc. (Col.), Consultant

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

Prof. Sudatta Ranasinghe, BPA (Vidyo), MPA (PIM-USJ), Ph.D. (PIM-USJ)

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

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

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

Prof David Evans, BA (Hons), M.Sc., Dip. Edu.

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

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

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

Mr Ajantha Madurapperuma, AIB (SL), FCMA (UK), CFA, MBA (PIM-USJ)

Dr Traci Carte, B.Sc. (Wright State), MBA, Ph.D. (Georgia)

Mr Channa Gunawardena, B.Sc. (Hons), ACA, ACMA, MBA (USQ)

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

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

Mr Hussain Moosajee, FCA, FCMA, MBA (PIM-USJ)

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

Mr Senaka Weerasooria, B.Sc. (ANU), MIT (Canberra)

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

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

The teaching faculty engaged themselves in the conduct of course work and the supervision of research papers and skills projects of doctoral and masters degree students.

The success of academic work in postgraduate degree, diploma and certificate programs were identified in terms of quality standards, appropriateness, and the number of graduates completing the courses of study successfully.

The quality and standards of the academic programs were judged in a number of ways. Firstly, the number of merit passes in each program of study is expected to indicate the progress in learning. The academic staff made a significant effort to increase the level of merit pass levels of 10% in 2009 to 12% in 2010.

These targets were achieved particularly through student research and project work which were published; and this was another measure of quality.

In addition to the periodic reviews of academic programs Faculty Retreats are held annually to openly discuss the current practices adopted at the Institute and the ways and means of improving the levels of every aspect of PIM's activities. These faculty retreats have found to be extremely useful in upgrading the internal systems, and more importantly activities relating to MBA and other parallel programs.

Non-Academic Staff: The institute was staffed by 21 fulltime employees during the year. Janitorial services, cleaning, security and cafeteria facilities were outsourced.

Faculty/Branch	Most Senior	Senior Staff	Junior Staff	Minor Employees
Administration & Academic Affairs	01	02	04	03
IT Centrre	01	02	-	-
Library	01	03	-	-
Director's Office	01	-	-	-
Finance	01	-	02	-
Total	21			

Research, Innovation and Publications:

Subject	Published	Commercialized	Presented
a. No. of Researches of MBA students	--	--	200
b. No. of Journals	04	04	04
c. No. of Books	05	05	05
d. No. of Articles (in the press)	20	(appeared in the daily press)	15
Total	29	09	226

Research in management in Sri Lanka is at a rather incipient stage. While we are yet to develop a research tradition in the discipline the real challenge is to find a paradigm in which our major research efforts could be organized and promoted. The PIM, therefore, seek ways of upgrading methods and logical approaches to research, so that the quality of inputs can be pushed upwards to respectable levels, and the Institute's research objectives address the vital gaps in knowledge in the Sri Lankan context, and the need to make "knowledge" socially useful.

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Programs, Seminars & Workshops:

Subject	Attended	Completed	No.
a. Management Development & Training Programs for Corporate sector	All	Completed	06
b. Workshops for MBA students	All	Completed	05
c. Workshop for Faculty	All academic staff	Completed	01
Total			12

New Courses Started:

The PIM and the Centre for Customs and Excise Studies (CCES), University of Canberra, have jointly designed a Master of Business Administration in International Trade and Logistics. International Trade is a key area in modern economy in which there is a need to enhance competency levels at both corporate and individual levels.

The curriculum of the program involves the key elements of International Trade and Logistics, with a view to providing the requisite knowledge and skills while addressing the broader needs of the sector.

Further, it is designed to progressively lead the students from an appreciation of International Trade and Business to a deeper understanding of managing logistical operations and supply chain activities. The legal frame within which such operations and activities will have to be carried out will be laid bare, and comprehensively described in the program.

Recurrent Expenditure:

	2009 (Rs)	2010 (Rs)
a. Personal emoluments	18,647,494	19,243,443.
b. Travelling	1,099,928	1,681,218
c. Supplies	4,529,871	6,028,785
d. Maintenance	1,096,764	3,150,345
e. Contractual Services	12,066,360	13,625,720
f. Other	21,501,812	24,304,280
g. Project Nature Expenditure	6,042,526	15,224,206
Total Expenditure	64,984,755	83,257,997

Capital Expenditure:

Details Subject	2009 Rs.	2010 Rs.
a. Acquisition of furniture & Office Equipment	1,778,108	4,785,565
b. Acquisition of Machinery	-	38,915
c. Acquisition of Buildings and Structures	-	-
d. Other	385,397	1,474,784
e. Rehabilitation & Renovation of Land & Building	2,851,066	7,845,552
Total	5,014,571	14,144,816

Projects (Local / Foreign Funded):

Name & Detail	Loan / Grant	Funding Agency≠	TCE Rs.	RFA Rs.	DF Rs.
Consultancy Services for Developing, Planning & Delivering e-Government Training for Government Chief Innovation Officers.	Grant (WB)	Information and Communication Technology Agency of Sri Lanka.	21,190,000		
Total			21,190,000		

Project Expenditure (Local/ Foreign Funded):

Name	TCE Rs.	Exp. In 2009 Rs.	Exp. in 2010 Rs.	Cumulative Exp. As at 31.12.2010	% of Physical Progress
Chief Innovation Officer Training Program - CIO	21,190,000	-	5,257,655	5,257,655	35% (Approx.)
Total					

Financial Progress (Expenditure):

Subject	Provision in 2010 Rs.	Expenditure in 2010 Rs.	Savings/Excess Rs.
a. Recurrent except Project	77,522,000	83,257,997	(5,735,997)
b. Capital except Project	11,800,000	14,144,816	(2,344,816)
c. Project – Local funded	-	-	-
d. Project – Foreign funded	5,257,655	5,257,655	-
Total			

Financial Progress (Generated Income):

Source of Revenue	Provision in 2010 Rs.	Collection in 2010 Rs.	Deficit / Surplus Rs.
a. Undergraduate Studies	-	-	-
b. Postgraduate Studies	82,800,000	109,843,546	27,043,546
c. Consultancies	3,600,000	4,937,100	1,337,100
d. Other	18,650,000	28,692,675	10,042,675
Total	105,050,000	143,473,321	38,423,321

Financial Performance Analysis – 2010:

During the year, the Institute did not receive any funds (recurrent) from government sources, in keeping with the policy of self-finance of the Institute, which started in 1997. Since that year, PIM has not received any funds from the University Grants Commission or Treasury for recurrent expenditure. A surplus of Rs. 38,100,693 has been recorded during the year, indicating that management education can progress competitively within the university system.

Subject	Formula	Exp. Per Student Rs.
a. Recurrent Expenditure per Student (RE)	RE / No. of Student Strength	175,280
b. Capital Expenditure per Student (CE)	CE / No. of Student Strength	29,779
Total		

Infrastructure Facilities Received in 2010:

The Physical Training Centre – Many students who follow courses/ programs at the Institute are unable to strike the vital work-life-learn balance. Stress and ill-health are often the consequences of the neglect of physical wee being. The centre helps achieve this intent. This centre will be further developed with more facilities and equipment.

Infrastructure Details	Expenditure Rs.	Physical Progress
Physical Training Centre	1,000,000	100%

Conclusion

PIM and its core program, the MBA have, over the years been competitive amidst growing competition. Relevance and quality have the two key success factors. It is the institute's endeavour to continue to excel in its chose area of activity – the MBA/MPA core programs, while paying greater attention to its manifold Executive Development Program (EDP) which are tailor-made to meet to specific training and development needs of clients, especially from the private sector.

Infra-structure development, with quantitative and qualitative improvements in faculty resources will enable the above mentioned programs of study and training to be delivered as planned.

Prof. Uditha Liyanage
Director
Postgraduate Institute of Management

November 17, 2011

POSTGRADUATE INSTITUTE OF MANAGEMENT
UNIVERSITY OF SRI JAYEWARDENEPURA
BALANCE SHEET AS AT 31ST DECEMBER 2010

Descripition	2009		Note	2010	
	Rs.		No	Rs.	
ASSETS					
NON CURRENT ASSETS					
a. Land & Buildings	38,451,186.00			42,560,924.62	
b. Lab & Teaching Equipment	8,804,041.00			8,856,796.64	
c. Library Books & Periodicals	1,358,392.00			2,684,631.88	
d. Motor Vehicles	4,775,260.00			2,545,052.93	
e. cloaks	5,732.00			320,543.00	
f. Office Furniture & Fittings	898,532.00			611,294.34	
g. Office Equipment	4,945,253.00			9,437,534.92	
h. Plant & Machinery	31,400.00	59,269,796	1	54,615.00	
					66,430,307.33
Investment		36,165,000	2		90,448,690.00
		95,434,796			156,878,997.33
CURRENT ASSETS					
a. stocks		349,612	3		825,418.80
b. International Programe		-			832,912.00
c. Sundry Debtors - Miscellaneous		161,338	4		1,802,337.79
d. Loans & Advances to Staff		3,102,496	5		2,482,566.00
e. Miscellaneous Advance		552,351	6		42,688.50
f. Money due from other Uni.& Ins.		7,518,159			-
g. Prepayment		81,492			20,516.75
h. Others		511,663	7		2,805,760.66
i. Bank		11,828,962	8		14,706,254.25
j. Cash in hand		-			349.00
Total Assets		**119,540,869**			**180,397,801.08**

Prof. Uditha Liyanage
Director

J K S Ranapura
Assistant Registrar

P G Maithrieratne
Deputy Bursar

POSTGRADUATE INSTITUTE OF MANAGEMENT
UNIVERSITY OF SRI JAYEWARDENEPURA
BALANCE SHEET AS AT 31ST DECEMBER 2010

Description	2009 Rs.	Note No	2010 Rs.
EQUITY AND LIABILITIES			
CAPITAL			
a.Capital Grant Spent	143,742,531		166,986,089.57
RESERVES			
a.General Reserve of the Institute	(43,977,932)		(18,935,807.23)
b.Donation Reserve	1,593,842		2,036,493.97
RESTRICTED FUNDS			
a. Endownment Fund	273,853	9	306,603.74
NON CURRENT LIABILITIES			
Provisions for Gratuity	7,289,682	10	7,564,523.00
CURRENT LIABILITIES			
a. Sundry creditors	3,751,825	11	10,538,133.62
b. Deposits	2,911,829	12	4,085,684.44
c. Expense Creditors	2,641,098	13	5,360,655.88
d. Other	1,314,141	14	2,455,424.09
TOTAL LIABILITIES	**119,540,869**		**180,397,801.08**

Prof. Uditha Liyanage
Director

J K S Ranapura
Assistant Registrar

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Deputy Bursar

POSTGRADUATE INSTITUTE OF MANAGEMENT

UNIVERSITY OF SRI JAYEWARDENEPURA

INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2010

Description		2009 Rs.		2010 Rs.	
REVENUE					
1. Interest from Investment		1,025,418		5,494,782.42	
2. Interest from Loans & Advances		135,148		127,747.58	
3. Rent from Properties		3,526,400		3,359,717.00	
4. Sale of Old Stores		1,000		31,150.00	
5. Miscellaneous Receipts		3,382,481		5,571,143.79	
6. Registration fees (Postgraduate)		157,100		136,500.00	
7. Tuition Fees (Postgraduate)		75,946,791		109,843,545.69	
8. Examination Fees(Postgraduate)		351,000		300,000.00	
9.Professional Manager Magazine		46,950		19,350.00	
10.Academic & Profeessional Writing		884,820		268,878.00	
11.Sale of Excess Books		-		147,400.00	
12.Profiling Srilankan Consumer		118,870		35,700.00	
13.U.N.D.B Programme		345,000		-	
14. Sale of Publications		83,435		1,130,195.00	
15. Library Fines & Fees		56,335		83,110.00	
16.Service Rendered to Outsiders		5,178,123		4,937,100.00	
17. MPA Programe Fee		-		8,327,000.00	
18. International Programe				3,647,501.72	*
19. Convocation Fees		2,677,377		12,500.00	
TOTAL INCOME			**93,916,248**		**143,473,321.20**
EXPENDITURE					
a. General Administration & Staff Services		27,737,425		33,697,483.39	
b. Academic Services		19,511,927		19,103,846.11	
c. Teaching Resources		1,533,792		1,556,976.02	
d.Ancillary Activities		1,761,273		1,585,748.25	
e. Services Rendered to Outsiders		3,130,483		4,585,340.50	
f. MPA Programe		-		4,149,959.20	
i. International Programe				5,505,030.72	
h. Expenditure for PIM Publication		2,912,042		2,120,622.10	
TOTAL EXPENDITURE		56,586,942	**(56,586,942)**		**(72,305,006.29)**
Excess of Income Over Expenditure Before Depreciation			**37,329,306**		**71,168,314.91**
Before Depreciation					
Depreciation			(8,397,813)		(12,089,683.81)
			28,931,493		59,078,631.10

* See Note No 15

Prof. Uditha Liyanage	J K S Ranapura	P G Maithrieratne
Director	**Assistant Registrar**	**Deputy Bursar**

POSTGRADUATE INSTITUTE OF MANAGEMENT
UNIVERSITY OF SRI JAYEWARDENEPURA
INCOME & EXPENDITURE APPOPRIATION ACCOUNT - 2010

Exces of Income over Expenditure		28,931,493.00		59,078,631.10
Balance B/F from previous year	(78,099,229.00)		(44,904,308.35)	
Capital outlay from General Reserve	5,939,442.00	(72,159,787.00)	(32,968,460.98)	(77,872,769.33)
General Reserve of the Institute		(43,228,294.00)		
Add. Income in respect of past year & Other Adjustments		1,795,618.87		50,000.00
Less. Expenditure in respect of past years & Other Adjustments		(2,545,256.00)		(191,669.00)
Balance Carried Down to the Balance Sheet		**(43,977,931.13)**		**(18,935,807.23)**

Prof. Uditha Liyanage
Director

J K S Ranapura
Assistant Registrar

P G Maithrieratne
Deputy Bursar

POSTGRADUATE INSTITUTE OF MANAGEMENT
UNIVERSITY OF SRI JAYEWARDENAPURA
CASH FLOW STATEMENT 2010

	Rs.
Cash Flows from Operating Activities	
Surplus from ordinary activities	59,078,631.10
Non - cash movements and other adjusments	
Depreciation	12,089,683.81
Provision for Gratuity	521,380.00
Interest from Investment	(5,494,782.42)
Prior Year Adjustments	83,760.17
Cash flows from operating activities before Working Capital changes	**66,278,672.66**
Increase in stocks	(475,806.80)
Decrease in recevables	619,930.00
Decrease in Miscellaneous Advance	509,662.50
Decrease in Pre-Payments	60,975.25
Increase in Deposits	446,119.00
Decrease in Accrued Expenses	(1,023,659.12)
Increase in Others	1,141,283.45
Net cash flows from operating activities	**1,278,504.28**
Cash Flows from Investing Activities	
Purchase Land and Building	(7,555,815.59)
Purchase Lab and Teaching Equipments	(1,546,940.00)
Purchase Library Books and Periodicals	(1,474,784.00)
Purchase Office Equipments	(2,788,577.68)
Purchase Plant and Machinery	(38,915.00)
Purchase Office Furniture and Equipments	(450,047.26)
Money Investments	(54,000,000.00)
Interest from Investments	3,365,451.48
Net cash flows from investing activities	**(64,489,628.05)**
Cash Flows from Financing Activities	
Endowment Fund	32,750.74
Vehicle Leasing	(1,073,691.38)
Net cash flows from financing activities	**(1,040,940.64)**
Net Increase in cash and cash equivalents	2,026,608.25
Cash and cash equivalents at beginning of period	12,679,995.00
Cash and cash equivalents at end of period	**14,706,603.25**

Prof. Uditha Liyanage	J K S Ranapura	P G Maithrieratne
Director	**Assistant Registrar**	**Deputy Bursar**

මගේ අංකය / எனது இல / My No. CE/E/PIM/FA/2010

ඔබේ අංකය / உமது இல / Your No.

දිනය / திகதி / Date 11 July 2011

The Director,

Postgraduate Institute of Management

Report of the Auditor General on the Financial Statements of the Postgraduate Institute of Management Affiliated to the University of Sri Jayewardenepura for the year ended 31 December 2010 in terms of Section 108 (2) of the Universities Act, No. 16 of 1978 and Section 13 (7) (a) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Postgraduate Institute of Management Affiliated to the University of Sri Jayewardenepura for the year ended 31 December 2010 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 19 of Postgraduate Institutes Ordinance No. 3 of 1985 enacted in terms of Section 18 of the Universities Act, No. 16 of 1978, Sections 108 (1) and 111 of the Universities Act and Sub – sections (3), (4) and (7) of the Finance Act, No. 38 of 1971. This report is issued in terms of Section 108 (2) of the Universities Act and Section 13 (7) (a) of the Finance Act. My comments and observations appear in this report.

1:2 Responsibility of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

නිදහස් චතුරශ්‍රය, කොළඹ 07, ශ්‍රී ලංකාව
சுதந்திர சதுக்கம், கொழும்பு 07, இலங்கை
INDEPENDENCE SQUARE, COLOMBO 07, SRI LANKA

දුරකථනය / தொலைபேசி / Telephone. 2691151
ෆැක්ස් අංකය / பக்ஸ் இல / Fax No. 2697451
ඉලෙක්ට්‍රොනික් තැපැල් / ஈ- மெயில் / E-mail. oaggov@sltnet.lk

1:3 Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit. Audit opinion, comments and findings in this report are based on review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitation of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit includes the examination on a test basis of evidence supporting the amounts and disclosures in financial statements and assessment of accounting policies used and significant estimates made by the management in the preparation of financial statements as well as evaluating their overall presentation. I have obtained sufficient information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit. I therefore believe that my audit provides a reasonable basis for my opinion. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

2. Financial Statements

2:1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Postgraduate Institute of Management Affiliated to the University of Sri Jayewardenepura had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the mattes referred to in paragraph 2:2 of this report, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles give a true and fair view of the state of affairs of the Postgraduate Institute of Management Affiliated to the University of Sri Jayewardenepura as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

2:2 Comments on Financial Statements

2:2:1 Sri Lanka Accounting Standards

Fully depreciated assets costing Rs.40,285,117 which are being used at present had not been revalued and brought to account in terms of Sri Lanka Accounting Standard 18.

2:2:2 Accounting Deficiencies

Accounting deficiencies totalling Rs.9,423,670 revealed at a test check of the financial statements were brought to the notice of the Director of the Postgraduate Institute of Management by the Management Report dated 11 May 2011. The deficiencies had been rectified and the revised financial statements had been presented to audit on 23 June 2011. Arithmetical errors and copying errors in the Profit and Loss Appropriation Account for the year 2009 revealed and the negative balance of Rs.62,686,900 shown in the Profit and Loss Appropriation Account should have been Rs.73,940,864. Nevertheless it had been brought forward in the year under review as a negative balance of RS.44,904,308 without adducing reasons therefore.

2:2:3 Unidentified Expenditure

The accrued expenses of the year under review amounting to Rs.5,360,656 included an unidentified balance of Rs.690,668 and an unclassified accrued expenses of the International Branch amounting to Rs.3,743,217 brought forward from the year 2006.

2:2:4 Accounts Receivable and Payable

The following observations are made.

(a) The sundry debtors of the Postgraduate Institute of Management remaining without being recovered over periods exceeding 05 years totalled Rs.161,338.

(b) Action had not been taken even up to the end of the year under review to settle an advance of Rs.40,000 granted to a private institution in the year 2006.

(c) Action had not been taken either to refund to the parties concerned or to credit to income the library deposits amounting to Rs.1,782,088 deposited with the Institute over a period exceeding 03 years.

(d) Action had not been taken for the recovery of loans amounting to Rs.86,647 due from the employees who had left the Institute service in the year 2007 from the sureties or in any other manner.

2:2:5 Lack of Evidence for Audit

The following observations are made.

(a) The title deed in support of the ownership of the land on which the Head Office is situated and shown at the value of Rs.5,000,000 in the financial statements, had not been furnished to audit.

(b) The schedules with age analysis had not been furnished to audit for the accounts receivable amounting to Rs.2,911,912 and accounts payable amounting to Rs.11,603,217 of the International Branch while confirmation of balances had not been called for. The Director informed me that an investigation on the International Branch is in progress at present.

(c) The difference between the physical identification of the assets of the closed down International Branch brought back to the country carried out by the Bursar on 04 May 2010 and the balance sheet value of those assets as at 31 December 2009 amounted to RS.15,207,356 and the reasons therefore had not been furnished.

(d) Two employees who had served in the International Branch Office had been attached to the locally established International Branch with effect from 14 June 2010 as the Administrative Manager and the Machine Operator on the approval of the Board of Management. Salaries amounting to Rs.924,700 had been paid to them up to November 2010. Their letters of appointment, letters of assignment of duties and the information on the duties performed by them had not been furnished to audit.

(e) A list of names of the students registered for the courses conducted by the International Branch or a register showing the particulars of course fees charged had not been maintained. The Institute was not in possession of the information on the registered students and course fees further recoverable.

2:2:6 Non – compliance with Laws, Rules, Regulations and Management Decisions

Instances of non – compliance with the following laws, rules, circulars and financial regulations were observed.

	Reference to Regulations and Management Decisions	Non - compliance
(a)	Payment of Gratuities Act, No. 12 of 1983 – Section 20	Even though the provisions for gratuity in respect of the staff in service of the Institute as at the end of the year 2010 should have been Rs.6,398,570, that balance according to the financial statements presented amounted to Rs.6,289,197. The difference of Rs.109,373 between the two balances had been due to the inclusion of the academic allowance for the computation of the gratuity though it should not be considered for that purpose.
(b)	Financial Regulation 751 of the Democratic Socialist Republic of Sri Lanka	An Inventory Register had not been maintained.
(c)	Postgraduate Institute of Management Ordinance No. 3 of 1985	Salaries amounting to Rs.366,712 had been paid up to 31 December 2010 to 02 employees of the Postgraduate Institute of Management released for service in the University of Sri Jayewardenepura with effect from September 2010.

3. Financial and Operating Review

3:1 Financial Review

3:1:1 Financial Results

According to the financial statements presented, the operations of the Institute for the year under review had resulted in a surplus of Rs.59,078,631. Even though the corresponding surplus for the preceding year had been shown as Rs.8,773,078 it should be Rs.8,928,069. Accordingly the improvement of the financial results amounted to Rs.50,150,562. The increase of the investment income by a sum of Rs.3,687,520, the increase of income from the sale of publications by a sum of Rs.1,046,760, the increase of course fee income by a sum of Rs.33,896,755 and the decrease of the expenditure of the International Branch by a sum of Rs.75,294,561 had been the major factors affecting the improvement.

3:2 Operating Review

3:2:1 Management Inefficiencies

(a) Since the closing down of the International Branch which prepared separate accounts up to 2009 its assets and liabilities had been posted to the ledger accounts of the Head Office without properly identifying them or being supported by verification.

(b) The preparation of the Register of Fixed Assets of the Institute according to the prevailing laws, rules and regulations, training of officers in the maintenance of the Register of Assets and the revaluation of assets had been entrusted to an individual on 20 December 2008 for a sum of Rs.296,000 contrary to the provisions of Section 2:14:1 of the Procurement Manual. The payment had been made on 30 March 2009. A sum of Rs.45,000 had been paid to the same individual on 05 April 2011 for the updating of the Register of Fixed Assets and the physical verification. In view of the following reasons, the expenditure incurred on this matter was observed as a fruitless expenditure.

(i) The values appearing in the final accounts for the years 2009 and 2010 are not supported by the said Register of Fixed Assets.

(ii) The officers had not been trained.

(iii) Revalued amounts had not been brought to account.

(c) The Institute had not taken action even up to the end of the year under review to transfer to a local Bank Account the balance of AED 3,000.31 lying since 31 August 2009 in the Bank Account No. 021-580683-001 maintained in Dubai for the International Branch since closed down.

(d) The postgraduate courses on MBA 2007 and MBA 2008 of the International Branch had not been completed even by the end of the year under review.

3:2:2 Uneconomic Transactions

Liquidated damages amounting to Rs.244,264 had been paid for the delay in clearing the goods of the International Branch brought back to this country.

3:2:3 Transactions without Formal Authority

(a) Fees for the certificate courses conducted by the International Branch had been determined and collected without the approval of the Board of Management.

(b) The contract for the construction of a 900 square metre motor vehicle yard had been awarded to the lowest bidder for Rs.1,339,600 (excluding Value Added Tax) by calling for bids from 08 institutions deviating from the provisions of the Government Procurement Procedure and without preparing estimates. That contract had been further extended by another 1,000 square metres and a sum of Rs.2,881,400 (excluding Value Added Tax) had been paid thereon. This value exceeded the procurement limits of the Institute.

3:2:4 Matters of Contentious Nature

The cheque for AED 56,750 returned on 07 January 2010 by the landlord of the building in which the International Branch was maintained and the letter dated 28 August 2009 sent by him with regard to the takeover of assets valued at AED 4,100 left in the premises and the contents therein are problematic due to the following reasons.

(a) Even though the letter was dated 28 August 2009, it referred to the cheque sent on 07 January 2010.

(b) The returned cheque for AED 56,750 was not supported by the Bank Statements and the Register of Revalidation of Cheques.

(c) The Institute had not maintained files and registers in support of the accuracy of payment of office rent and the rent payable.

4. Systems and Controls

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

(a) Accounting
(b) Fixed Assets
(c) Hire of Lecture Halls
(d) Maintenance of Inventory Registers
(e) Purchase of Goods and Services
(f) Printing of Courses Application Forms and Collections of Income

H.A.S. Samaraweera
Acting Auditor General.

31/.

2.2 Comments on Financial Statements

2.2.1 Standards of Sri Lankan Accounting

Action will be taken to reconcile and re-enter the assets that are made use of, although they are considered as totally depreciated.

2.2.2 Errors in Accounting

Action will be taken to rectify variations that have resulted from arithmetical and recording lapses.

2.2.3 Unidentified Expenditure

Unidentified accrued expense of the Head Office, amounting to Rs. 690,668/- are being examined, and information relating to the accrued expenses of the foreign branch are expected to be obtained from the report of the investigations that are being carried out.

2.2.4 Receivable and expendable Accounts

(a) Investigations are being carried out to find out details of the recoverable debt-balances that continue for over 5 years.

(b) Investigations are being carried out to find out details of the particular advance paid for purchase of books and publications.

(c) Action will be taken to credit to the income the deposits that have not been claimed by students for over a period of 3 years.

(d) Rs. 38,310/- is the balance out of a loan of Rs. 124,957/- that is being recovered from an employee presently in service. Rs. 86,647/- is the balance relating to two employees who have left service. Action will be taken to recover these loan balances when their provident funds are released.

2.2.5 Lack of Evidence for Audit

(a) Action will be taken to obtain from the Land Registry office a copy of the deed that will establishes the ownership of the property.

(b) This financial statement of the year under review was prepared based on the receipts and disbursements shown in the balance sheet of the foreign branch, as at 31.02.2009. An investigation is being carried out presently on the activities of the foreign branch. Once the investigation-report is received appropriate action will be taken regarding the particular balances of accounts.

(c) As an investigation is being conducted on the activities of the foreign branch, appropriate action will be taken if any shortage is found in the assets of the foreign branch, once the investigation-report is received

(d) The letters of appointment and job descriptions of the two employees attached to the international branch have not been provided to the Head office by the Managing Director of the branch. Once the report of the investigation carried on the activities of the foreign branch is received, action will be taken to provide the relevant information.

(e) The Managing Director of the foreign branch has not provided information pertaining to the students who attended the courses and their course-fees. Action will be taken to forward relevant information, once the investigation-report is received on the activities of the branch.

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

(a) As instructions have been given in the Circular Letter No. 08/1988 issued by the University Grants Commission, to take into consideration the academic allowances in the determination of the gratuity payments, action is being taken accordingly.

(b) Measures have been taken to prepare an Inventory Register.

(c) Rs.366,712/- comprises of Rs. 315,234.50, the salary paid to an employee temporarily attached to the Postgraduate Institute of Management, and Rs. 51,477.50, the salary paid to an employee permanently attached to the University of Sri Jayewardenepura. In place of the employee temporarily transferred, the university of Sri Jayewardenepura attached an employee for that particular period, and the salary of that employee was paid by the University of Sri Jayewardenepura. Action will be taken to get the salary paid to the employee permanently transferred to the University of Sri Jayewardenepura, reimbursed from the University of Sri Jayewardenepura.

3. Financial and Operating Review

3.2 Operating Review

3.2.1 Management Inefficiencies

(a) Having paid attention to the lapses that may occur in the preparation of accounts in the year under review, the assets and responsibilities reflected in the financial reports relating to the year 2009 have been incorporated with the accounts of the head office, as it is not possible to establish an appropriate identification or assurance with regard to the assets and responsibilities, until the investigations of the activities of the foreign branch are completed,. This decision has been approved by the Board of Management at its meeting held on April 08, 2011.

(b) The relevant activity was entrusted to a person having considered his competency in the preparation of permanent assets registers in several universities. The service provider has already been intimated that officers should be trained to rectify the inconsistencies that exist in the final accounts of 2009 and 2010, and to maintain the permanent assets register. Action will be taken in the future to record in the accounts the assets based on revalued figures.

(c) It has been advised to transfer the balance of the account maintained in Dubai on behalf of the foreign branch, namely, AED 3000.31as at 31.08.2009 to the local bank account.

(d) Arrangements have been made to confer the MBA degree on 71 students who had successfully concluded the MBA course in 2007, at the convocation scheduled for July 23, 2011. 80% of course work of the students of the rest of the programs has been completed successfully, and arrangements have been made to complete all the courses by December 2011.

3.2.2 Uneconomical Transactions

Demurrage had to be paid as there was a delay in obtaining the approval of the General Treasury for the waiver of customs duty for the clearance of items transferred from the foreign branch.

3.2.3 Unauthorized Transactions

(a) The Board of Management has approved the MBA course fees of the foreign branch. Action will be taken with regard to the additional courses conducted, once the report of the investigations that are being conducted on the affairs of the foreign branch is received.

(b) It became necessary to expand the activities of the contract that had not been anticipated at the time the contract was awarded, for which the approval of the procurement committee was obtained. However, inadvertently, the approval of the ministry had not been obtained for these extra activities. Action will be taken to avoid such occurrences in the future.

3.2.4 Controversial Activities

Appropriate action will be taken once the report of the investigations that are being conducted on the affairs of the foreign branch is received.