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ஆண்டறிக்கை 2011

முகாமைத்துவ பட்டப்பின்படிப்பு நிறுவகம்

ஸ்ரீ ஜயவர்தனபுர பல்கலைக்கழகம்

Annual Report 2011

POSTGRADUATE INSTITUTE OF MANAGEMENT

University of Sri Jayewardenepura

Annual Report

2011



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 Faculty of Management Studies of the University of Sri Jayewardenepura. The Division started postgraduate studies in management with collaboration under CIDA with two Canadian Universities – 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, 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 create 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:

- Upgrading of the Physical Training Centre – Many student managers who follow the MBA programs 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, The Physical Training Centre was upgraded with new equipment and opening hours were extended till 12.00 mid night.

- 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 system was further upgraded during the year introducing new features.
- The Car Park was expanded to accommodate more vehicles for the benefit of student managers who attend the evening lectures after office work.
- Lecture rooms and faculty cubicles in particular were refurbished. New chairs/tables were introduced to the students study areas and two lecture rooms.
- Old sound systems in the lecture rooms were replaced with latest sound systems with modern equipment.
- The building was color washed and maintenance activity continued unabated.
- Automated bar code system which removed the need for manual register of student attendance was further upgraded to enable the students to view their attendance rate daily via the student learning portal.
- On line student evaluation of faculty members and on line uploading of course material, and on line updating of students' course marks continued during the year.
- Actions were initiated to introduce a bulk SMS system to communicate with students on urgent matters.

TRAINING AND CONSULTANCY

An unprecedented number of EDPs was conducted in 2011:

	Organization	Program
1	Citizen Development Business Finance Ltd.	Management Development Training Program for Middle Management of the Bank
2	John Keells Holdings PLC	Management Development Training Program for Executive Grades
3	Millennium IT	Advanced Management Certificate Program
4	Hatton National Bank	Management Development Program for Branch Managers
5	Deutsche Bank	Workshop for Sales Staff
6	National Transport Commission	Staff Development Training Program

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 28 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 4 for the faculty.

- 4 = A mix of four delivery modes
- 4 = Student evaluation of 4 out of 5
- 4 = Final marks released within 4 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.

ANNUAL FACULTY RETREAT

The annual Faculty Retreat of the Institute was held on October 15 and 16, 2011 at Hotel Tree of Life, Kandy.

The main objective of the faculty retreat is to deliberate on the *status quo* of the Institute regarding all its major functions and operations with a view to effecting improvements and repositioning itself to meet the current and future demands and spearhead the Institute for greater success. In fact, a worthwhile faculty retreat can breathe new life into the academic community, and the structure and content of a well organized retreat can contribute to the development of the Institute's identity and can inspire a shared sense of reflection and forward motion. This is the intent of the Faculty Retreat.

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).

ISO 9001-2008 STATUS FOR PIM

Actions were initiated to obtain the ISO 9001-2008 status for the Institute. The staff was involved in the preparatory activities pertaining to ISO requirements.

PIM BUILDING PROJECT STAGE II

A project proposal for the construction of the stage II of the PIM building was prepared and submitted to the University Grants Commission for approval. The total project cost is estimated at Rs. 171 million. The Institute intends to commence the project in the year 2012 and the funds generated by the Institute will be utilized to complete a substantial part of the building.

POSTGRADUATE OUTPUT

The number of students that completed the Masters degree/Postgraduate Diploma requirements during the year were 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
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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 2011. The press and TV extensively covered all activities/events, thus increasing the visibility of PIM. The PIM website is also covered the special events conducted by the Institute.

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. Three bumper issues of the SLJM were published during the year 2011. 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 third issue of the magazine.

Expansion of the Library (including video library) continued in year 2011. 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 2011, 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.

PIM PRESTNATION GUIDELINES

A hand book titled "PIM Presentation Guidelines" was designed to bring about uniformity in the writing and presentation of different reports needed for fulfilling PIM's academic requirements. The book lays down a standard set of rules or guidelines for compliance by students, based on rules adopted by reputed seats of learning, and more specifically those set out in the Publication Manual of the American Psychological Association, and also faculty inputs.

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 2011 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 D M S Batagoda)
- 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 A K W Jayawardana)
- 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 B Wijayaratne)

- 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 Jayewardenepura
 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	201
MBA - International Trade & Logistics	38
Total	239

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.

Faculty Resources:

The following faculty team comprising permanent lecturers, lecturers on contract and visiting academics/professionals served the Institute during the year 2011:

- 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. Mangala Fonseka, B.Sc., MBA (Col.), FCMA, FCMA (UK)
- Mr Wellington Piyadasa, FCMA, FPFA, P.G. Dip. M.P. (UCD), P.G. Dip. SCF (ICASL), MBA (UCD)
- Mr N Nirmalan, MPM (USQ), B.Sc. (Hons) Comp & IS (LGU), MCS (Sri Lanka)
- Mr Harsha Fernando, LLM (London), MBA (Nanyang), Attorney-at-Law
- Mr K A I Kalyanaratne, BA (Cey.), MBA/HRM (PIM-USJ), ACIT (UK)
- 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 Sanjeev Jayaratnam, C.Eng, MBCS, B.Sc (Manchester), MBA (PIM-USJ)
- Mr Tissa Jayathilake, BA (Cey.), MA (Wake), MPA (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
- Dr Arul Sivagananathan; B.Eng. (Hons.) (London), AMIE (SL), FCMA (UK), MBA (Cranfield), Ph.D. (USA)

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 passes levels of 10% in 2010 to 12% in 2011.

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 22 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	04
IT Centre	01	02	-	-
Library	01	03	-	-
Director's Office	01	-	-	-
Finance	01	-	02	-
Total	22			

Research, Innovation and Publications:

Subject	Published	Commercialized	Presented
a. No. of Researches of MBA students	--	--	260
b. No. of Journals	04	04	04
c. No. of Books	02	02	02
d. No. of Articles (in the press)	30	(appeared in the daily press)	30
Total	36	06	296

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	04
c. Workshop for Faculty	All academic staff	Completed	01
Total			11

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.

A new batch of 38 students was enrolled in this program during the year.

Recurrent Expenditure:

	2009 (Rs)	2010 (Rs)	2011 (Rs)
a. Personal emoluments	18,647,494	19,243,443	24,133,316
b. Travelling	1,099,928	1,681,218	3,115,621
c. Supplies	4,529,871	6,028,785	5,353,740
d. Maintenance	1,096,764	3,150,345	4,120,723
e. Contractual Services	12,066,360	13,625,720	14,572,852
f. Other	21,501,812	24,304,280	18,588,791
g. Project Nature Expenditure	6,042,526	15,224,206	20,827,188
Total Expenditure	64,984,755	83,257,997	90,712,231

Capital Expenditure:

Details Subject	2009 (Rs)	2010 (Rs)	2011 (Rs)
a. Acquisition of furniture & Office Equipment	1,778,108	4,785,565	3,229,540
b. Acquisition of Machinery	-	38,915	-
c. Acquisition of Buildings and Structures	-	-	-
d. Other (Library books, Motor vehicle, Cloaks)	385,397	1,474,784	10,073,420
e. Rehabilitation & Renovation of Land & Building	2,851,066	7,845,552	3,243,526
Total	5,014,571	14,144,816	16,546,486

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					

Project Expenditure (Local/ Foreign Funded):

Name	TCE Rs.	Exp. in 2010 Rs.	Exp. in 2011 Rs.	Cumulative Exp. As at 31.12.2011	% of Physical Progress
Chief Innovation Officer Training Program - CIO	21,190,000	5,257,655	7,825,952	13,083,607	(Approx.)
Total					

Financial Progress (Expenditure):

Subject	Provision in 2011 Rs.	Expenditure in 2011 Rs.	Savings/Excess Rs.
a. Recurrent except Project	85,346,000	90,712,231	(5,366,231)
b. Capital except Project	19,300,000	16,546,486	2,753,514
c. Project – Local funded	-	-	-
d. Project – Foreign funded	7,825,952	7,825,952	-
Total			

Financial Progress (Generated Income):

Source of Revenue	Provision in 2011 Rs.	Collection in 2011 Rs.	Deficit / Surplus Rs.
a. Undergraduate Studies	-	-	-
b. Postgraduate Studies	74,700,000	53,907,639	(20,792,361)
c. Consultancies	4,500,000	4,693,850	193,850
d. Other	23,240,000	40,990,436	17,750,436
Total	102,440,000	99,591,925	(2,848,075)

Financial Performance Analysis – 2011:

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.

Subject	Formula	Exp. Per Student Rs.
a. Recurrent Expenditure per Student (RE)	RE / No. of Student Strength	140,639
b. Capital Expenditure per Student (CE)	CE / No. of Student Strength	25,653
Total		

Infrastructure Facilities Received in 2011:

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 well being. The centre helps achieve this intent. This centre will be further developed with more facilities and equipment.

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 chosen areas of activity – the MBA/MPA core programs, while paying greater attention to its manifold Executive Development Program (EDP) which are tailor-made to meet the 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

December 04, 2012

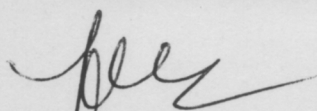
www.pim.lk

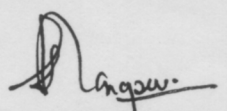
**POSTGRADUATE INSTITUTE OF MANAGEMENT
UNIVERSITY OF SRI JAYEWARDENEPURA
INCOME STATEMENT**

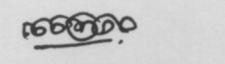
For the year ended 31st December 2011

Description	2010 Rs.	2011 Rs.
REVENUE		
1. Interest from Investment	5,494,782.42	6,973,047.52
2. Interest from Loans & Advances	127,747.58	90,750.52
3. Rent from Properties	3,359,717.00	7,029,890.00
4. Sale of Old Stores	31,150.00	15,450.00
5. Miscellaneous Receipts	5,571,143.79	4,311,061.72
6. Registration fees (Postgraduate)	136,500.00	162,000.00
7. Tuition Fees (Postgraduate)	109,843,545.69	53,907,638.72
8. Examination Fees(Postgraduate)	300,000.00	267,000.00
9. Professional Manager Magazine	19,350.00	-
10. Academic & Professional Writing	268,878.00	-
11. Sale of Excess Books	147,400.00	22,880.00
12. Profiling Srilankan Consumer	35,700.00	-
13. CIO Programme	-	7,825,952.10
14. Sale of Publications	1,130,195.00	1,163,325.00
15. Library Fines & Fees	83,110.00	304,580.00
16. Service Rendered to Outsiders	4,937,100.00	4,693,850.00
17. MPA Programme Fee	8,327,000.00	6,229,500.00
18. International Programme	3,647,501.72	-
19. Sale of Motor Vehicle	-	1,065,000.00
20. Application Fee		690,500.00
21. Convocation Fees	12,500.00	4,839,500.00
TOTAL INCOME	143,473,321.20	99,591,925.58
EXPENDITURE		
a. General Administration & Staff Services	33,697,483.39	37,692,954.01
b. Academic Services	19,103,846.11	27,543,635.60
c. Teaching Resources	1,556,976.02	2,267,353.94
d. Ancillary Activities	1,585,748.25	2,381,098.79
e. Services Rendered to Outsiders	4,585,340.50	4,325,803.00
f. MPA Programme	4,149,959.20	6,045,948.00
g. International Programme	5,505,030.72	-
h. CIO Programme	-	7,825,952.10
i. Miscellaneous Payments	-	201,337.79
j. Expenditure for PIM Publication	2,120,622.10	2,428,147.88
TOTAL EXPENDITURE	(72,305,006.29)	(90,712,231.11)
Surplus before Depreciation	71,168,314.91	8,879,694.47
Before Depreciation		
Depreciation	(12,089,683.81)	(9,927,896.26)
Surplus after Depreciation	59,078,631.10	(1,048,201.79)

* Please refer annexure I


Prof. Uditha Liyanage
Director


J K S Ranapura
Assistant Registrar


P G Maithrieratne
Deputy Bursar

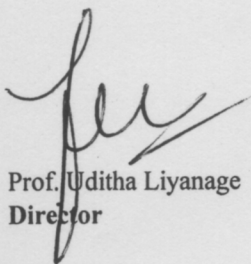
Annexure I

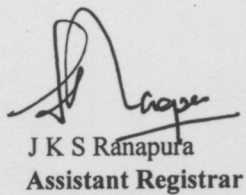
The Institute's main income (Tuition fee) has been accounted on Cash basis **over the years**. This error was corrected by converting Cash basis to Accrual basis. This change was effected to the financial performance as follows.

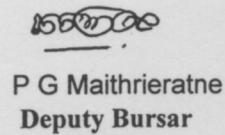
	<u>2010</u>	<u>2011</u>
Surplus/Deficit before correction	59,078,631.10	35,464,085.89
<u>Adjustments</u>		
Income received in the previous year in respect of the current year	<u>11,810,000.00</u> 70,888,631.10	<u>27,573,712.32</u> 63,037,798.21
Income received in advance	<u>(27,573,712.32)</u>	<u>(64,086,000.00)</u>
Surplus/Deficit after correction	<u>43,314,918.78</u> =====	<u>(1,048,201.79)</u> =====

POSTGRADUATE INSTITUTE OF MANAGEMENT
UNIVERSITY OF SRI JAYEWARDENEPURA
Statement of Financial Position
As at 31st December 2011

Description	2010		Note No	2011	
	Rs.			Rs.	
ASSETS					
NON CURRENT ASSETS					
a. Land & Buildings	42,560,924.62			41,676,358.55	
b. Lab & Teaching Equipment	8,856,796.64			8,329,734.94	
c. Library Books & Periodicals	2,684,631.88			5,093,523.33	
d. Motor Vehicles	2,545,052.93			7,107,164.53	
e. cloaks	320,543.00			925,382.00	
f. Office Furniture & Fittings	611,294.34			501,711.64	
g. Office Equipment	9,437,534.92			9,379,998.34	
h. Plant & Machinery	54,615.00			35,023.50	
		66,430,307.33	1		73,048,896.83
Investment		90,448,690.00	2		101,375,290.00
		156,878,997.33			174,424,186.83
CURRENT ASSETS					
a. stocks	825,418.80		3	1,800,186.64	
b. International Programe	832,912.00			-	
c. Sundry Debtors - Miscellaneous	1,802,337.79		4	1,641,000.00	
d. Loans & Advances to Staff	2,482,566.00		5	2,297,378.61	
e. Miscellaneous Advance	42,688.50			-	
h. Prepayment	20,516.75			148,014.25	
i. Others	2,805,760.66		6	5,249,850.99	
j. Bank	14,706,254.25		7	36,697,932.65	
k. Cash in hand	349.00	23,518,803.75		-	47,834,363.14
Total Assets		180,397,801.08		47,834,363.14	222,258,549.97

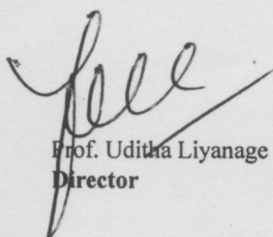

Prof. Uditha Liyanage
Director

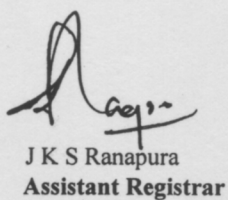

J K S Ranapura
Assistant Registrar

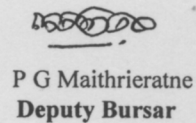

P G Maithrieratne
Deputy Bursar

**POSTGRADUATE INSTITUTE OF MANAGEMENT
UNIVERSITY OF SRI JAYEWARDENEPURA
Statement of Financial Position
As at 31st December 2011**

Description	2010 Rs.	Note No	2011 Rs.
EQUITY AND LIABILITIES			
CAPITAL			
a.Capital Grant Spent	166,986,089.57		166,986,089.57
RESERVES			
a.General Reserve of the Institute	(18,935,807.23)		(45,092,300.52)
b.Donation Reserve	2,036,493.97		2,036,493.97
RESTRICTED FUNDS			
a. Endowment Fund	306,603.74	8	339,354.74
b. CIO Project Fund			5,457,640.82
NON CURRENT LIABILITIES			
Provisions for Gratuity	7,564,523.00	9	7,342,067.00
CURRENT LIABILITIES			
a. Income Received in Advance	-		64,086,000.00
b. Sundry creditors	10,538,133.62	10	9,676,443.06
c. Deposits	4,085,684.44	11	2,458,393.61
d. Expense Creditors	5,360,655.88	12	6,074,418.63
e. Other	2,455,424.09	13	2,893,949.09
TOTAL LIABILITIES	180,397,801.08		222,258,549.97


Prof. Uditha Liyanage
Director


J K S Ranapura
Assistant Registrar


P G Maithrieratne
Deputy Bursar

POSTGRADUATE INSTITUTE OF MANAGEMENT
UNIVERSITY OF SRIJAYEWARDENEPURA
STATEMENT OF CHANGERS IN EQUITY
For the year ended 31st December 2011

	Capital	General Reserve	Donation Reserve	Total Equity
Balance as at Dec.31,2009	143,742,531.00	(44,904,308.35)	1,593,842.00	100,432,064.65
Adjusment	23,243,558.57	(33,110,129.98)	-	(9,866,571.41)
Restated Balance	166,986,089.57	(78,014,438.33)	1,593,842.00	90,565,493.24
UNDP Project	-	-	442,651.97	442,651.97
Surplus	-	59,078,631.10	-	59,078,631.10
Balance as at Dec.31,2010	166,986,089.57	(18,935,807.23)	2,036,493.97	150,086,776.31
Adjusment	-	(25,108,291.50)	-	(25,108,291.50)
Restated Balance	166,986,089.57	(44,044,098.73)	2,036,493.97	124,978,484.81
Surplus	-	(1,048,201.79)	-	(1,048,201.79)
Balance as at Dec.31,2011	166,986,089.57	(45,092,300.52)	2,036,493.97	123,930,283.02

Prof. Uditha Liyanage
Director

J K S Ranapura
Assistant Registrar

P G Maithieratne
Deputy Bursar

POSTGRADUATE INSTITUTE OF MANAGEMENT
UNIVERSITY OF SRI JAYEWARDENAPURA
CASH FLOW STATEMENT
For the year ended 31st December 2011

2010 Rs.		2011 Rs.
	Cash Flows from Operating Activities	
59,078,631.10	Surplus from ordinary activities	(1,048,201.79)
	Non - cash movements and other adjustments	
12,089,683.81	Depreciation	9,927,896.26
521,380.00	Provision for Gratuity	998,065.00
-	Interest from Loan & Advance	(36,997.06)
-	Sale of Vehicle	(1,065,000.00)
(5,494,782.42)	Interest from Investment	(6,973,047.52)
83,760.17	Prior Year Adjustments	-
<u>66,278,672.66</u>	Cash flows from operating activities before Working Capital changes	<u>1,802,714.89</u>
(475,806.80)	Increase in stocks	(141,855.84)
619,930.00	Increase in Sundry Creditors	296,073.40
509,662.50	Decrease in Miscellaneous Advance	42,688.50
60,975.25	Decrease in Pre-Payments	(127,497.50)
-	Decrease in Sundry Debtors	161,337.79
-	Decrease in Gratuity	(431,812.50)
-	Decrease Interest from Loan & Advance	36,997.06
-	Increase in Others (Assests)	(2,444,090.33)
446,119.00	Decrease in Deposits	(1,627,290.83)
(1,023,659.12)	Increase in Accrued Expenses	713,762.75
-	Income Received in Advance	64,086,000.00
1,141,283.45	Increase in Others (Liabilities)	438,525.00
<u>1,278,504.28</u>	Net cash flows from operating activities	<u>61,002,837.50</u>
	Cash Flows from Investing Activities	
(7,555,815.59)	Purchase Land and Building	(3,243,526.00)
(1,546,940.00)	Purchase Lab and Teaching Equipment	(1,257,910.00)
(1,474,784.00)	Purchase Library Books and Periodical	(3,074,619.64)
-	Purchase Cloaks	(1,248,800.00)
-	Purchase Motor Vehicle	(5,750,000.00)
(3,316,454.94)	Purchase Office Furniture and Equipment	(1,971,630.12)
-	Sale of Vehicle	1,065,000.00
-	Decrease in Loan & Advance	185,187.39
38,915.00	purchase Plant & Machinery	-
(54,000,000.00)	Money Investments	(10,926,600.00)
3,365,451.48	Interest from Investments	6,973,047.52
<u>(64,489,628.05)</u>	Net cash flows from investing activities	<u>(19,249,850.85)</u>
	Cash Flows from Financing Activities	
-	General Reserve	(25,897,000.00)
-	CIO Project Fund	5,457,640.82
32,750.74	Endowment Fund	32,751.00
(1,073,691.38)	Vehicle Leasing	(1,157,763.96)
<u>(1,040,940.64)</u>	Net cash flows from financing activities	<u>(21,564,372.14)</u>
2,026,608.25	Net Increase in cash and cash equivalents	21,991,329.40
12,679,995.00	Cash and cash equivalents at beginning of period	14,706,603.25
<u>14,706,603.25</u>	Cash and cash equivalents at end of period	<u>36,697,932.65</u>

Prof. Uditha Liyanage
Director

J K S Ranapura
Assistant Registrar

P G Maithrieratne
Deputy Bursar

Non - Current Assets - 2011

(Rs.)

Discription	Balance as at 01-01-11	Purchase for the Year 2011	Total Balance 31/12/2011	Depreciation as at 01/01/2011	Depreciation 2011	Total Depreciation	Net Value
Rehabilitaion & Renovation of Land & Building	21,945,630.26	3,243,526.00	25,189,156.26	2,866,453.89	1,097,281.51	3,963,735.40	21,225,420.86
Office Furniture & Equipment	20,709,199.65	523,097.62	21,232,297.27	15,591,322.87	59,339.90	15,650,662.77	5,581,634.50
Lab & Teaching Equipment	23,874,015.31	1,257,910.00	25,131,925.31	15,017,218.67	1,784,971.70	16,802,190.37	8,329,734.94
Library Books & Periodicals	16,958,065.25	3,074,619.64	20,032,684.89	14,273,433.37	665,728.19	14,939,161.56	5,093,523.33
Motor Vehicle - Disposal Motor Vehicle Cloak	9,547,117.00	5,750,000.00	15,297,117.00 (2,600,000.00)	7,002,064.07	1,187,888.40	8,189,952.47 (2,600,000.00)	7,107,164.53
Office Furniture & Fittings	2,872,377.04	1,248,800.00	2,074,527.00	1,146,270.00	2,875.00	1,149,145.00	925,382.00
Office Equipment	14,765,439.73	1,270,877.50	3,050,032.04	2,261,082.70	287,237.70	2,548,320.40	501,711.64
Plant & Machinery	195,915.00		16,036,317.23	10,445,781.59	1,792,171.80	12,237,953.39	3,798,363.84
Constructed of Building	60,616,211.37		195,915.00	141,300.00	19,591.50	160,891.50	35,023.50
Land	5,000,000.00		60,616,211.37	42,134,463.12	3,030,810.56	45,165,273.68	15,450,937.69
			5,000,000.00				5,000,000.00
Total	177,309,697.61	16,546,485.76	191,256,183.37	110,879,390.28	9,927,896.26	118,207,286.54	73,048,896.83



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
 துலைவா } CE/E/PIM/FA/2011
 My No

ඔබේ අංකය
 உமது இல }
 Your No

දිනය
 திகதி } 11 June 2012
 Date

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 2011 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 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 notes was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Sub-sections(3), (4) and (7) of Section 13 of the Finance Act, No. 38 of 1971 and Section 19 of the Postgraduate Institute of Management Ordinance No. 3 of 1985 enacted under Section 18 of the Universities Act, No. 16 of 1978 and Sections 108(1) and 111 of the Universities Act. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of 108(2) of the Universities Act and Section 13(7)(a) of the Finance Act appear in this report. A Management Report on the financial statements was furnished to the Director of the Institute on 27 March 2012.

1.2 Management's Responsibility for Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of

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 බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி,
 புத்தரமுல்லை இலங்கை

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

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 தொலைபேசி } 2887028 - 34
 Telephone

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 பக்ஸ் இல } 2887223
 Fax No.

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 #- மெயில் } oaggov@sltnet.lk
 E-mail.

financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial statements

2.1 Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Postgraduate Institute of Management Affiliated to the University of Sri Jayewardenepura as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

The following observations are made.

- (a) The revised financial statements, prepared after the identification of accrued income in terms of Sri Lanka Accounting Standard No. 29 by the Institute, had been presented on 30 April 2012. However, instead of identifying and accounting for the expenditure relating to the year 2011 out of the sum of Rs.10,806,899 recovered in the year 2011 as the course fees on the Postgraduate Diploma Course for the Training of Chief Innovation Officers for the 2010/2012 E-Government Programme, a sum equivalent to the expenditure amount to Rs.7,825,952 during the year had been brought to account as the income without any basis.
- (b) The fixed assets costing Rs.49,158,132 fully depreciated but in use had not been revalued and brought to account in terms of Sri Lanka Accounting Standards No. 18.

2.2.2 Accounting Deficiencies

The accounting deficiencies totaling Rs.6,393,536 revealed at the test check of financial statements were brought to the notice of the Director of the Postgraduate

Institute of Management by the Management Report dated 27 March 2012. The revised financial statements after rectification of those deficiencies were presented to audit on 27 April 2012.

2.2.3 Accounts Receivable and Payable

The following observations are made.

- (a) Action had not been taken for the recovery of the staff loans amounting to Rs.95,097 due from the employees who left the service in the year 2007.
- (b) The accrued expenses of the year under review amounting to Rs.6,074,419 included an unidentified sum of Rs.690,668 existing from the year 2006 and unclassified accrued expenses amounting to Rs.3,743,217 of the Foreign Branch.

2.2.4 Lack of Evidence for Audit

The following observations are made.

- (a) The Accounts Receivable amounting to Rs.2,911,912 and Accounts Payable amounting to Rs.11,603,207 of the International Division remained outstanding over a period of 03 years and the existence of those balances had not been confirmed by way of confirmations of balances.
- (b) The title deed of land on which the Head Office of the Institute is situated and shown in the financial statements at a value of Rs.5,000,000 had not been furnished to audit.

2.2.5 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 Laws, Rules, Regulations
and Management Decisions

Non-compliance

- | | |
|---|--|
| <p>(a) Inland Revenue Act, No. 10 of 2006 and the Letter No. IRD/PAYE/REG/01 dated 07 March 2011 of the Commissioner of Inland Revenue (PAYE)</p> | <p>Tax remitted to the Department of Inland Revenue had been under recovered by a sum of Rs.624,112 in relation to 12 officers of the Institute as the profit from regular employment had not been correctly computed.</p> |
| <p>(b) Nation Building Tax Act, No. 9 of 2009</p> | <p>The Nation Building Tax amounting to Rs.2,722,084 payable on the income amounting to Rs.136,104,213 earned during the year under review had not been paid.</p> |
| <p>(c) Economic Service Charge Act, No. 13 of 2006</p> | <p>The Economic Service Charge amounting to Rs.340,260 payable on the income amounting to Rs.136,104,213 earned during the year under review had not been paid.</p> |
| <p>(d) Financial Regulations 751 and 756</p> | <p>The Institute had not maintained an Inventory Register while an Annual Board of Survey had also not been conducted.</p> |
| <p>(e) Section 3.4 of the Procurement Guidelines No. 8 of 25 January 2006</p> | <p>A part of the premises of the Institute had been made available to an external individual for the maintenance of a Photocopy Service and Stationery Stall from the year 2008 without calling for quotations.</p> |

2.2.6 Transactions not supported by Adequate Authority

In terms of Section 8(iii)(p) of the Postgraduate Institute Management Ordinance No. 3 of 1985, investment of whatever money of the Institute and withdrawal of such investments should have the approval of the Board of Management. Nevertheless, the appropriate approval had not been obtained for the investment of Rs.35 million in fixed deposits and the withdrawal of fixed deposits valued at Rs.6 million in the year under review.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the working of the Institute during the year under review had resulted in a deficit of Rs.1,048,201 as against the surplus of Rs.59,078,631 for the preceding year. As compared with the preceding year, the financial results for the year under review indicated a deterioration of Rs.60,126,832, which was mainly due to the decrease of the income for the year under review by a sum of Rs.44 million due to the identification of income in the accrual basis commencing from the year under review and the increase of expenditure on general administration and the academic staff by Rs.12 million.

4. Operating Review

4.1 Performance

The number of students of the Postgraduate Institute of Management in the year under review stood as 415. The Institute had awarded degrees under 09 Postgraduate Courses to 438 students in the year 2011. Six workshops on Management Consultancy had been conducted in the year under review.

4.2 Idle and Underutilized Assets

There were Bank balances ranging from Rs.9 million to Rs.30 million in the Bank Current Account in the year under review (except October) and attention had not been paid to earning income by investing such excess cash.

4.3 Uneconomic Transactions

The Deputy Bursar of the Postgraduate Institute of Management had been attached to the University of Sri Jayewardenepura with effect from 07 September 2010 and a sum of Rs.315,235 had been paid for a period of 06 months (from September 2010 to February 2011) without obtaining any service from him to the Institute.

5. Accountability and Good Governance

5.1 Corporate Plan

Even though provision amounting to Rs.60 million inclusive of the sum of Rs.15 million allocated by the University Grants Commission had been made for the Stage II of the building of the Institute which had not been included in the Corporate Plan for the years 2009 to 2011 the work on the building had not been done as expected in the year under review.

5.2 Internal Audit

Even though the internal audit work for the year 2011 had been assigned to the Internal Auditor and an Assistant Auditor of the University of Sri Jayewardenepura University and the approval granted for the Internal Audit Program according to the Board of Management Paper No. 216.10 of 24 August 2011, internal audit work had not been done during the year.

5.3 Audit Committee

Even though the Audit Committee should hold at least 04 meetings in a year in terms of the Public Enterprises Circular No. PED/12 of 02 June 2003, it had not been so done.

5.4 Procurement Plan

The Institute had not prepared a Procurement Plan for the year under review.

5.5 Budgetary Control

A reconciliation of the expenditure under 04 items of expenditure as at the end of the year under review with the budget estimates revealed material variances ranging from 38 per cent to 207 per cent.

6. 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 from time to time. Special attention is needed in respect of the following areas of control.

- (a) Fixed Assets
- (b) Accounting
- (c) Maintenance of Stock Books
- (d) Purchase of Goods and Services

H.A.S. Samaraweera
Auditor General

-/dk.

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 2011, 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.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

- (a) Under the E-Government programme 2010/2012 the Diploma Course for training of CIOO (Chief Innovation Officers) is being conducted under project fund of Rs. 21.2 million received by the Institute. Accordingly the amount received in the year 2011 had been Rs. 10806899.00. As the project activities had not been concluded by end 2011 it was found difficult to identify a surplus in the amount received. To avoid relevant information from being not reflected in the financial statements an amount equivalent to the expenses had been shown as an income in the financial statements. As the project will be concluded in the year 2012, action will be taken to enter in the accounts if there is an excess in the income over the expenditure.
- (b) Assets that have been shown as fully depreciated but currently been used will be re-valuated and relevant adjustments will be recorded in the accounts in the future.

2.2.3 Accounts Receivable and Payable

- (a) Out of the advances of Rs. 124957.00, Rs. 38310.00 is the balance to be recovered from an employee who is in service. A balance of Rs. 86647.00 from a loans due from two employees who have left the service will be recovered when their provident fund benefits are released.

- (b) Arrangements have been made to credit the unidentified accrued expenses To the income in 2012. It will not be possible to obtain details of unclassified accrued expenses of the International Branch until the investigations of its activities are completed.

2.2.4 Lack of evidence for Audit

- (a) As per the balance sheet of International Branch the receivable and payable Balances as at 31.03.2009 have been brought forward and shown in the financial statements. It is expected that the relevant information could be obtained from the investigations that are conducted on the activities of the International Branch.
- (b) Action will be taken to obtain a copy of the relevant deed from the Land Registry, to ensure the ownership of the property.

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

- (a) Levying of taxes from state institutions on the basis of pay as you earn was commenced from the financial year that started from 1st April 2011. As there was a discrepancy between the amount of taxes determined in the first few months of the taxable year and the circular instructions, an amount equivalent to Rs. 624112.00 had been remitted less. Arrangements will, therefore, be made to deduct that amount from the relevant officers and remit to the Inland Revenue Department.
- (b) As services rendered by a government department, ministry or an organization fully owned by the government has been exempted from the payment of the Nation Building Tax Circular (Amended) taxes were not paid. When advice was sought from the Inland Revenue Department their opinion was that state corporations and statutory boards are not exempted from the payment of the

nation building tax. Therefore, an application has already been forwarded to the Inland Revenue Department to open a file.

- (c) Arrangements have been made to open a tax file for the payment of Economic Service Charges.
- (d) Activities have commenced for the preparation of the Assets Inventory Register, and a board of survey has already been appointed.
- (e) Lectures are conducted at the Institute in between 06.00pm-10.00pm. Within these hours for students to get photocopies the services of a person who runs a photocopy center just opposite the Institute is being obtained for about one hour. For this purpose he uses a photocopier owned by him. As it is for a short period of about one hour and the activity generates a meager revenue, it doesn't appear as practical to call for tenders. However, action will be taken to call for tenders in the year 2012 to obtain this photocopying service.

2.2.6 Transactions that doesn't ensure sufficient Formal Authority

- (a) As the Board of Management does not meet monthly, investment and withdrawal of deposits were done pending the covering approval of the Board of Management. This will be forwarded to obtain the approval at the first meeting of the Board of Management of the second quarter of 2012.

4.2 Idle and Underutilized Assets

Taking cognizance of the revenue received by the Institute and the expenses incurred excess funds are invested without causing liquidity issues. During the final quarter of the year under reference an investment of Rs. 15 million had been made.

4.3 Uneconomical Transactions

The Deputy Bursar under reference was attached to the University of Sri Jayewardenepura with effect from 07.09.2010, on disciplinary grounds, on a decision taken of the Board of Management, and he had not been given a transfer. His salary was paid by the Institute until a decision was to be taken at the conclusion of the disciplinary inquiry. However, as the Board of Management did not approve the last service extension requested by the particular Deputy Bursar, his salary has not been paid since February 2011.

5. Accountability and Good Governance

5.1 Corporate Plan

Necessary arrangements have been made for the commencement of the Second stage of the Institute's building in the year 2012. The proposal has been forwarded to the Ministry of Higher Education to obtain the approval of the Cabinet of Ministers. It is expected to utilize the funds generated by the Institute to complete the building project.

5.2 Internal Audit

There was a delay in getting the services of the Deputy Bursar of the University of Jayewardenepura as he availed of his sabbatical leave in August 2011. Steps will be taken to implement the Audit Plan in the year 2012.

5.3 Audit and Management Committees

An Audit and Management Committee meeting was conducted during the year under reference, and steps will be taken to increase these meetings in the future.