



වාර්ෂික වාර්තාව 2012

කළමනාකරණ පශ්චාත් උපාධි ආයතනය

ශ්‍රී ජයවර්ධනපුර විශ්වවිද්‍යාලය

ஆண்டறிக்கை 2012

முகாமைத்துவ பட்டப்பின்படிப்பு நிறுவகம்

ஸ்ரீ ஜயவர்தனபுர பல்கலைக்கழகம்

Annual Report 2012

POSTGRADUATE INSTITUTE OF MANAGEMENT

University of Sri Jayewardenepura

Annual Report 2012



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, 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 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 the 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 postgraduate 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, viz., Ottawa University and Carleton University. In 1986, the Division was upgraded to a separate institute under the University of Sri Jayewardenepura. In 1995 the Postgraduate Institute of Management was moved to the new building constructed at Lesley Ranagala Mawatha, Colombo 8.

PIM Vision

The work of the Postgraduate Institute of Management (PIM) is 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.

PIM Mission

To fashion management education and innovation in the Five-fold Path of Vision, Effort, Harmony, Restraint, and Caring. Our task is to develop leaders to direct the energies of their men and women along this Five-fold Path and to 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 creating value.*

These are the four pillars of PIM's programme 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, and*
- *Integrity and transparency in all our decisions and actions.*

Goals

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

- i. 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;
- ii. Heighten the relevance of the Institute by extending its mainstream programmes of study to emerging fields of management study;
- iii. Enhance managerial competencies in selected areas through the conduct of organization-specific, short-run executive development programmes; and
- iv. Raise continually the relevance and quality of programmes of study.

DIRECTOR'S REVIEW

Thirty years ago, when PIM headed by its founder Director embarked on the national task of developing managers for Sri Lanka through the special management programme introduced at the Division of Postgraduate Studies, there was little concern in the country, both in the private and public sectors, about advanced management education. In this context, the founder Director negotiated with the Canadian International Development Agency (CIDA) to obtain assistance to set up an MBA degree programme in Sri Lanka. Though in the early 1980's a monopolistic market existed in the country, now, more than 30 years later, the market for MBAs has become very competitive.

Eight universities in the country offer MBA programmes while over a dozen private, off-shore MBA programmes too compete with PIM. These latter programmes are advertised extensively using foreign funds and charge fees in excess of double that of PIM for their MBA programmes. Competition comes from lowering entry qualifications and the use of the Faculty of the local universities as resource persons with their 'prestigious' name tags. These are the key challenges to PIM, the institution that has taken the bold initiative to operate on self-generated funds. The competitor private educational institutions are not hampered by the restrictions that PIM faces. Owing to its self-imposed initiative to be self-sufficient PIM has to earn funds to pay for salaries, utilities, supplies, transport needs, capital expenditure, taxes and maintenance, security and audit fees. This is indeed a unique situation where a public sector organization in Sri Lanka has dared to earn its keep covering all its expenses, both recurrent and capital, and manage the institution with a surplus.

During the year, PIM was ably guided and directed by its Board of Management and the Boards of Study on the basis of the Corporate Plan for 2009-2012. I am pleased to state that overall performance in the key result areas of (i) postgraduate level education, (ii) research and publications (iii) training and consultancy services, (iv) academic environmental enhancement and (v) administrative and financial efficiency have been encouraging. The next few pages are devoted to provide the PIM's achievements during the year. This will be followed by sections on human resources development and administrative and financial efficiency.

ACHIEVEMENTS

POSTGRADUATE EDUCATION

Postgraduate output during the year

The educational programmes were conducted successfully and on schedule. The number of postgraduate students who completed the Master's degree and Postgraduate Diploma requirements during the year is given in Table 1.

Table 1: Postgraduate Output during 2012

Programme	No.
Master of Business Administration	227
MBA Human Resource Management	31
Master of Customs Administration	59
Master of Public Administration	42
MBA International Trade & Logistics	60
Total Number of Graduates	419

Source: PIM data base

Student Enrolment during the year

The student enrolment for the Master's degree and Postgraduate Diploma during 2012 is given in Table 2.

Table 2: Student enrolments during 2012

Course	Nos.
Master of Business Administration	243
Master of Public Administration	106
Ph.D in Business Administration	23
Postgraduate Diploma in e Govt.	103
Total	475

Source: PIM data base

Course Planning and delivery

- a) Fresh attempts were made to improve the quality and relevance of the MBA programme as well as Postgraduate Diploma programmes conducted during the year. In order to stay ahead of competition, while delivering value to the student, programme curricula were improved in keeping with emerging trends and new areas of knowledge. Further, the following changes were introduced and popularized.
Redesigning course outlines: Courses were redesigned to sharpen focus and direction. A comprehensive and clearly thought-out course structure, along with a listing of mandatory readings have helped the lecturer in terms of course preparation and delivery and the postgraduate students who are now able to prepare in advance for a particular session.
- b) *Delivery mode:* Two specific changes were made. First, only a third of a three-hour session is typically devoted to the *straight lecture component*, i.e., to *tell*. The remainder of the session is devoted to *show* (e.g. showing a video), *to ask* (e.g. engage students in discussion/debate), and *to do* (e.g. do an exercise or case study). The Faculty is aware of the need to use all four modes of delivery for making a high impact on the student-managers and for achieving the desired learning outcomes.
- c) *Guest lectures:* There is great need to involve key people from industry to deliver guest lectures on selected topics. These sessions are pre-planned and integrated into the course structures. These guest lectures have been useful and they in fact mark a vital point of departure between the MBA programme at PIM and that of competitors.
- d) *Release of marks:* The Faculty has been set a target for the timely release of marks - four weeks from the date of the final exam. This is closely followed up, and constitutes a KPI for the Faculty.
- e) *Student evaluation:* This is an important assessment of the student's perception of a course. The semester-end evaluation by students is summarized and the respective Faculty members are informed of their performance as perceived by student-managers. An overall evaluation of 4 on a scale of 1-5 is expected from each Faculty member.

Residential Workshops: An important feature of programme delivery is residential workshops. They are usually held in locations away from Colombo. Two such workshops for the benefit of Master's and Postgraduate Diploma students were held during the year. They helped students and Faculty to deliberate on selected issues in an environment of calm that promotes creativity and camaraderie among students.

RESEARCH AND PUBLICATIONS

Research in management in Sri Lanka is still in its infancy. We have yet to develop a research tradition in the discipline. The challenge is to formulate the paradigm in which our research efforts should be directed. As we perceive it, the principal objective of research is to go in search of an indigenous core for the enrichment of management as a profession. Towards this end, we seek methods and logical approaches to research through which the quality of research outputs can be elevated to acceptable levels.

During the year 2012, 212 student research projects were completed which are available in hard-bound form in the PIM library.

Publications

Satisfactory progress was shown in the area of publications during the period under review.

- (i) *PIM Presentation guidelines:* A handbook titled *PIM Presentation Guidelines* designed to promote uniformity in the writing and presentation of material by PIM staff and students was published. The book lays down the standard set of rules and guidelines for compliance and is largely based on the guidelines set out in the Manual of the American Psychological Association. The Faculty has also contributed to the compilation of the publication.
- (ii) *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 SLJM were published during the year 2012. The principal objective of SLJM is to provide a medium for addressing issues of relevance in management and for disseminating results of excellent research

projects of the Faculty and of students. Those from industry are also invited to send in their contributions for publication.

- (iii) *The Professional Manager*: This bi-annual magazine was launched, in addition to the SLJM, to cater to the emerging needs of the modern manager. It disseminates cutting edge management knowledge in a style that is easy to comprehend without a particular functional bias. Issues that are topical and significant for today's managers operating in a complex and turbulent environment are given emphasis in *The Professional Manager*. Two issues of the publication were printed during 2012.
- (iv) During the year under review 38 articles authored by Faculty and students were published in the local press.

Table 3: Research, Innovation and Publications

Subject	Published	Commercialized	Presented
a. No. of Researches of MBA students	--	--	212
b. No. of Journals	02	02	
c. No. of Magazines	01	01	
d. No. of Books	02	02	
e. No. of Articles (in the press)	38	(appeared in the daily press)	
Total	43	05	212

Source: PIM data base

TRAINING AND CONSULTANCY SERVICES

PIM takes pride in conducting client-focused training for employees of organizations in its efforts to be a working partner of the business community. The clients include both public and private sector institutions engaged in manufacturing and services such as banking, finance and insurance. During the year nine such short- to medium-term training programmes were conducted for seven organizations as illustrated in Table 4.

Table 4: Management Development Programmes conducted in 2012

	Organization	Programme
1	Bank of Ceylon (02 groups)	Management Development Training Programme for Key Managers of the Bank
2	Public Service Commission (02 groups)	Management Development Training Programme for Executive Grades
3	Hayleys PLC	Management Development Programme for Middle Management
4	University Grants Commission	Corporate Planning Workshop Programme for Senior Administrative Staff of Universities
5	University Grants Commission	Training and Development Programme for Senior Administrative Officers of Universities
6	Union Assurance PLC	Management and Leadership Development Programme for Marketing Officers
7	Holcim (Lanka) Limited	Training Programme in Leadership Skills Development

Source: PIM data base

As a matter of policy, PIM also undertakes management consultancy assignments which are likely to contribute towards improving the content and skills of Faculty teaching through exposure to practical management problems. In 2012 a number of management consultancies were successfully completed in the areas of corporate planning, organizational re-structuring, job analysis and remuneration policy, training and development *and* institutional development.

ACADEMIC AND PHYSICAL ENVIRONMENTAL ENHANCEMENT

PIM is fully aware of the need to pay considerable attention to academic and environmental enhancement, which it has continued to do during the year as shown below:

Annual Faculty Retreat

The annual Faculty Retreat of the Institute was held on December 08-09, 2012 at the Blue Water Hotel, Wadduwa. Its main objective was to deliberate on the *status quo* of the Institute in respect of all its major functions and operations with a view to effecting improvements and repositioning itself to meet current and future demands and achieve greater success for the Institute. In fact, a worthwhile Faculty Retreat can breathe new life into the academic community, and the 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 movement. These objectives were attained to a large extent at this year's Annual Faculty Retreat.

The 5 M framework for development

In order to take PIM forward in the years ahead, the five dimensional programme which had already been adopted was continued with even greater vigour. It involved constant involvement in the 5 M, viz., Market, Members (Faculty and staff), Mentors (Faculty assigned to provide individual help and guidance and feedback), Monitors (appointing class representatives for each batch) and MBA's (work with Alumni of PIM). Emphasis was given to working with these stakeholders through the deliberations at Faculty meetings and meetings organized with the participation of other stakeholders.

ISO 9001-2008 status for PIM

Obtaining the ISO 9001-2008 certification of the Institute was one of the greatest achievements during the year. PIM is the only higher educational Institution in the University system in Sri Lanka which has obtained this certification to-date. The process leading to the certification was most rewarding as it resulted in effecting improvements in the

academic arena comprising teaching, learning and evaluation as well as academic, administrative and financial administration.

Expansion of library

Expansion of the Library (including the video library) continued in year 2012. A sum of Rs.2 million was set aside for the purpose. The library was further upgraded to accommodate more users, and the facilities, viz., research collection and information assistance, inter-library loans, subject bibliographies and displays, internet connectivity and videos and an automated catalogue system were introduced.

By end of the year 2012, over 30,000 books on management and related areas, and 60 journals and periodicals had been made available for the readership. In order to ensure an efficient service, the bar coded circulation system was further upgraded as part of library modernization.

Enhanced facilities for staff and students

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

- **Physical Training Centre:** Many postgraduate students who follow the MBA programs of the Institute are unable to strike the vital *work-life-learn* balance. PIM students ought to appreciate the need to manage the four facets of life, namely, physical, mental, social, and spiritual. The Physical Training Centre, which helps achieve this objective, was upgraded with new equipment and opening hours were extended till 12.00 midnight.
- **Web-based student progress reporting system:** The system was developed for MBA students to find out their up-to-date individual academic performance during the programme, marks gained in each course, course averages, and their standing *vis a vis* others in the batch. The system was further upgraded during the year.

- **Expansion of the car park:** The car park was further expanded to accommodate more vehicles for the benefit of postgraduate students following evening lectures after office.
- **Maintenance and refurbishing work:** The PIM building was colour washed and maintenance work in all areas continued. Lecture rooms and lecturers' cubicles lecturers, wherever necessary, were refurbished. New chairs and tables were provided both in the students' study areas and lecture rooms. Further, old sound systems in the lecture rooms were replaced with new ones.
- **Introduction of an automated bar code system:** This removed the need for a manual register of student attendance. This was further upgraded to enable the students to view their attendance rate daily *via* the student learning portal.
- **Introduction of on-line services:** On-line uploading of course material, on-line student evaluation of Faculty members, and on-line updating of students' course marks continued during the year. Further, a bulk SMS system to communicate with students on urgent matters was introduced.

PIM Building Project Stage II

A project proposal for the construction of Stage II of the PIM building complex was approved by the Cabinet of Ministers in June 2012. The total project cost is estimated at Rs. 171 million. The Institute intends to commence the project in the near future and the funds generated by the Institute will be utilized to complete a substantial part of the building. On completion of the building the Institute will be in a position to provide extended and expanded services to the students as well as to the corporate community.

Publicity and Image

A conscious effort was made to publicize all PIM activities/events carried out in 2012 with press and TV coverage, thus increasing the visibility of PIM. The PIM website which is regularly upgraded also covers the special events conducted by the Institute.

HUMAN RESOURCES DEVELOPMENT

During the year both Faculty as well non-academic staff rendered yeomen service to the achievement of institutional goals.

(i) Faculty resources

Over a period of three decades, the Institute has accumulated a wealth of experience in adult learning, research and consultancy. Most of the teachers of the Institute today have been at the task for many years, and hence they form a core team of academics who set standards, integrate locally-found knowledge regularly into the curricula, and coordinate with other Faculty members with speed and flexibility. The teaching faculty was engaged in the conduct of course work and the supervision of research papers and skills projects of Master's and Doctoral level students.

Table 5: Academic Staff:

	Senior Professor	Professor	Senior Lecturer	Consultants	Visiting Consultants
	01	01	01	04	20
Total	01	01	01	04	20

Source: PIM data base

List of resource persons

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

Prof. Mangala Fonseka, B.Sc., MBA (Col.), FCMA, FCMA (UK)

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

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

Prof. Henerath Opatha, B Sc (Bus. Adm) (USJ), M Sc (HRM)(USJ), MBA (Birmingham),

PHD (UUM), Doc. HRM (IIU)

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

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

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

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

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

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

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

Dr Arul Sivagananathan; *B.Eng. (Hons.) (London), AMIE (SL), FCMA (UK), MBA (Cranfield),
Ph.D. (USA)*

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

Mr Sisira Athuraliyage, *B.Sc. Natural Sciences, (Ruhuna), M.Sc. Comp. Sc. (Col.), Consultant*

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

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

Mr Harsha Fernando, *LLM (London), MBA (Nanyang), Attorney-at-Law*

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)*

Mr K. A. I. Kalyanaratne, *BA (Cey.), MBA/HRM (PIM-USJ), ACIT (UK)*

Mr N. Nirmalan, *MPM (USQ), B.Sc. (Hons) Comp & IS (LGU), MCS (Sri Lanka)*

Mr Wellington Piyadasa, *FCMA, FPFA, P.G. Dip. M.P. (UCD), P.G. Dip. SCF (ICASL), MBA (UCD)*

Mr Carlton Samarajiwa, *BA (Cey.), B.Ed, (Queensland), Dip. Ed. (Lond.), Dip. TEFL (Sydney)*

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

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

(ii) *Non-academic Staff*

The Institute was staffed by 28 full-time employees during the year. Janitorial services, cleaning, security and cafeteria facilities were outsourced.

Details of non-academic staff appear in Table 6.

Table 6: Details of Non- Academic Staff

Faculty/Branch	Most Senior	Senior Staff	Junior Staff	Minor Employees
Administration & Academic Affairs		01	06	03
IT Centre		01		01
Library		01	04	-
Director's Office	01	-	01	-
Training & Publications	01		01	
Public Policy Division	01	01	02	
Finance	01	-	02	-
Total	28			

Source: PIM data base

ADMINISTRATIVE AND FINANCIAL EFFICIENCY

This has been a satisfactory year for the Institute in administrative and financial efficiency spheres as is reflected in the following statements:

Comparative Recurrent expenditure figures appear in Table 7.

Table 7: Recurrent Expenditure: 2010(Rs) 2011(Rs) 2012 (Rs)

Subject	2010	2011	2012
a. Personal emoluments	19,243,443	24,133,316	27,170,448
b. Travelling	1,681,218	3,115,621	3,232,195
c. Supplies	6,028,785	5,353,740	7,509,525
d. Maintenance	3,150,345	4,120,723	3,181,931
e. Contractual Services	13,625,720	14,572,852	17,360,808
f. Other	24,304,280	18,588,791	35,259,373
g. Project Nature Expenditure	15,224,206	20,827,188	29,852,508
Total Expenditure	83,257,997	90,712,231	123,566,788

Source: PIM data base

Comparative capital expenditure figures appear in Table 8.

Table 8: Capital Expenditure

Subject	2010 (Rs)	2011 (Rs)	2012 (Rs)
a. Acquisition of furniture & office equipment	4,785,565	3,229,540	4,535,905
b. Acquisition of machinery	38,915	-	5,676,652
c. Acquisition of buildings and structures	-	-	-
d. Other (Library books, Motor vehicle, Cloaks)	1,474,784	10,073,420	649,320
e. Rehabilitation & Renovation of Land & Building	7,845,552	3,243,526	282,373
Total	14,144,816	16,546,486	11,144,250

Source: PIM data base

The locally funded projects appear in Table 9.

Table 9: Projects (Local)

Name & Detail	Loan / Grant	Funding Agency≠	TCE Rs.	RFA Rs.	DF Rs.
Postgraduate Diploma in e Government Programme	Grant	ICTA Sri Lanka	34,939,995		
Total			34,939,995		

Source: PIM data base

Comparative locally funded project expenditure appear in Table 10.

Table 10: Project Expenditure (Local):

Name	TCE Rs.	Exp. in 2011 Rs.	Exp. in 2012 Rs.	Cumulative Exp. As at 31.12.2012	% of Physical Progress
Postgraduate Diploma in e Government Programme	22,829,257			22,829,257	90%
Total	22,829,257			22,829,257	

Comparative financial progress figures of expenditure appear in Table 11.

Table 11: Financial Progress (Expenditure)

Subject	Provision in 2012 Rs.	Expenditure in 2012 Rs.	Savings/Excess Rs.
a. Recurrent except Project	120,646,000	93,714,280	(2,920,788)
b. Capital except Project	13,500,000	11,144,250	2,355,750
c. Project – Local funded	-	-	-
d. Project – Foreign funded	15,557,946	15,557,946	-
Total	149,703,946	120,416,476	(525,038)

Source: PIM data base

Comparative financial progress figures of generated income appear in Table 12.

Table 12: Financial Progress (Generated Income)

Source of Revenue	Provision in 2012 Rs.	Collection in 2012 Rs.	Deficit / Surplus Rs.
a. Undergraduate Studies	-	-	-
b. Postgraduate Studies	76,600,000	92,193,844	15,593,844
c. Consultancies	8,000,000	9,927,650	1,927,650
d. Other	49,240,000	63,181,829	13,941,829
Total	133,840,000	165,303,323	31,463,323

Source: PIM data base

Financial Performance Analysis, 2012:

During the year, the Institute did not receive any funds from government sources, in keeping with the policy of self-financing 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.

Financial performance analysis figures of 2012 appear in Table 13.

Table 13: Financial Performance Analysis, 2012

Subject	Formula	Exp. Per Student Rs.
a. Recurrent Expenditure (RE) per Student	RE / No. of Student Strength	200,921
b. Capital Expenditure (CE) per Student (CE)	CE / No. of Student Strength	18,120
Total		

Source: PIM data base

Boards of Management and Boards of Study

Board of Management: The following formed the Board of Management which is the academic and executive body of the Institute

Ex-officio Members:

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 J. Dadellage*)
Secretary, Ministry of Finance (*Rep. Mr E. M. S. B. Ekanayake*)
Director General, National Institute of Business Management (*Dr. E. A. Weerasinghe*)
President, Institute of Chartered Accountants, Sri Lanka (*Mr Sujeewa Rajapakse*)
President, Institution of Engineers, Sri Lanka (*Dr Ananda Ranasinghe*)
Chairman, Ceylon Chamber of Commerce (*Dr Susantha Ratnayake*)
Dean, Faculty of Management Studies and Commerce, USJ (*Prof. Sampath Amaratunga*)
Director, Sri Lanka Institute of Development Administration (*Mr. B. Wijayaratne*)

Members appointed by the University Council:

Prof. Abeyratne Bandara, *Dept. of Finance, University of Sri Jayewardenepura*
Mr T. Dharmarajah, *Council Member, University of Sri Jayewardenepura*
Dr H. M. A. Herath, *Department of Public Administration, University of Sri Jayewardenepura*
Prof H. H. D. N. P. Opatha, *Dept. of HRM, University of Sri Jayewardenepura*

Members Appointed by the University Grants Commission:

Mr Hussein N. Esufally, *Chairman, Hemas Holdings PLC*
Mr B. R. L. Fernando, *Chairman, CIC Holdings PLC*
Dr Neville Gunawardena, *Director General of Customs*
Dr Saman Kelegama, *Director, Institute of Policy Studies*
Dr Wickrema Weerasooria, *Insurance Ombudsmen of Sri Lanka*

Board of Study

The Board of Study of the Institute regulated the matters connected with teaching, examinations and research during the year and it was represented by the following members.

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 G. C. B. Wijeyesinghe, Chartered Accountant

Mr M. R. Prelis, Company Director

Board of Study in Public Administration

Prof Uditha Liyanage, Director, PIM (Chairman)

Dr Anura Ekanayake, Chairman, Ceylon Chamber of Commerce

Prof. A. K. W. Jayawardena, Vice Chancellor, University of Moratuwa

Prof S. W. Ranasinghe, Professor in Management, The Open University of Sri Lanka

Dr Lloyd Fernando, Program Director (Public Policy), PIM

Dr Jayampathy Wickremaratne, President's Counsel

Dr Wickrema Weerasooria, Insurance Ombudsman in Sri Lanka

Future Plans

PIM should pay a greater attention to improve the quality of research reports of the students. In addition to the content of reports presentation aspects need improvement. Students should also be exposed to larger doses of qualitative and mixed research methods. A concerted effort should also be made to get the Sri Lankan Journal of Management attain ranked status for which enhancement of quality of research outputs of staff seems important. Thus, the need to set up a Research Centre within the institute looms large.

In addition, attempts must be made to enhance the MPA programme conducted by the Institute both in terms of contents as well as method of delivery. Use of blended learning methods using information technology could be useful as it will ensure participation of students from distant parts of the country.

PIM and its core programme, the MBA, have over the years been competitive amidst growing competition. Relevance and quality were the two key success factors. It is the institute's endeavor to continue to excel in its chosen areas of activity, the MBA and MPA core programmes, and research while paying greater attention to Executive Development Programmes (EDP) which are tailor-made to meet the specific training and development needs of clients, especially from the private sector. Infra-structure development, with expansion of the Faculty and their continuous development will enable the above mentioned programmes of study research, and training to be delivered as planned.

Prof. K. B. M. Fonseka
Director
Postgraduate Institute of Management

December 31, 2013

www.pim.lk



විගණකාධිපති දෙපාර්තමේන්තුව

கணக்காய்வாளர் துறைமை அறியுதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය }
எனது இல }
My No } EC/E/PIM/FA/2012

මගේ අංකය }
உமது இல }
Your No. }

දිනය }
திகதி }
Date } 23 September 2013

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 2012 in terms of Section 19 of the Postgraduate Institute of Management Ordinance No. 03 of 1985 and Section 108(1) of the Universities Act No. 16 of 1978.

The audit of financial statements of the Postgraduate Institute of Management affiliated to the University of Sri Jayewardenepura for the year ended 31 December 2012 comprising the statement of financial position as at 31 December 2012 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 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 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 Sub – Section 108(1) of the Universities Act appear in this report. A detailed report in terms of Section 108(2) of the Universities Act was issued to the Director of the Institute on 06 May 2013.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

අංක 306/72 පොල්දූව පාර,
බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி,
பத்தரமுல்லை இலங்கை

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

දුරකථනය }
தொலைபேசி } 2887028 -34
Telephone }

ෆැක්ස් අංකය }
பக்ஸ் இல } 2887223
Fax No. }

ඉලෙක්ට්‍රොනික් තැපෑල }
#- மெயில் } oaggov@sitnet.lk
E-mail }

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 these risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub – Sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 **Basis for Qualified Audit Opinion**

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

2. **Financial Statements**

2.1 **Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements 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 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Best Accounting Practices

Although the fully depreciated fixed assets valued at Rs.62,669,598 which are being used at present should be revalued and accounted, action had not been taken accordingly. It was proposed to get the assets revalued by the Department of Valuation on 29 October 2012.

2.2.2 Accounts Receivable and Payable

The following observations are made.

- (a) Unidentified retention money totaling Rs.1,486,820 had remained outstanding for a number of years but action had not been taken to identify and settle them.
- (b) Unclassified accrued expenses of Rs.3,743,217 in the International Branch brought forward since 2006 had not been identified and brought to account.

2.2.3 Lack of Evidence for Audit

Accounts receivable totaling Rs. 2,911,912 and accounts payable totaling Rs. 11,603,217 in the International Branch had remained for 04 years and its existence had not been confirmed by way of letters of confirmation.

2.2.4 Non – compliance with , Laws , Rules , Regulations and Management Decisions.

The following non compliances were observed.

Reference to Laws, Rules , Regulations and Management Decisions	Non – Compliance
(a) Paragraph 6.5 of Chapter IX of the Universities Establishments Code.	In computing overtime hours, less than one fourth of an hour should not be taken in to account when continuous over time hours are worked. Nevertheless, the Institute had taken into account all fractions of an hour less than one fourth.
(b) Financial Regulations 751 and 756	The Institute had not maintained an Inventory Register and an annual Board of Survey had also not been conducted.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operation of the Institute for the year under review had resulted in a surplus of Rs. 41,736,535 as against the deficit of Rs. 1,048,202 in the preceding year. Accordingly the growth in the financial results in the year under review amounted to Rs. 42,784,737. Increase in lecture fees and increase in the income of the Postgraduate Course in Public Administration had been the main reason for the growth.

4. Operating Review

4.1 Performance

Registered students in the Postgraduate Institute of Management during the year under review amounted to 478 whereas the number of students registered in the preceding year amounted to 415. The Institute had awarded degrees to 419 students relating to 9 Postgraduate Courses in the year 2012 as compared with awarding degrees to 438 students in the preceding year. Nine Management Consultancy Workshops had been held during the year under review.

4.2 Management Inefficiencies

The following observations are made.

- (a) Despite of the working hours having been determined according to the requirement of the Institute, the arrival and departure of staff of the Institute should be on specific time, at an audit test check observed that many officers had arrival late everyday. As such, internal control over staff attendance had been at a weak level.
- (b) A sum of Rs. 350,000 had been paid to a Judge on 19 October 2012 who had been appointed to conduct a formal disciplinary inquiry against a professor by the University on 19 September 2011 before the inquiry was completed. The relevant report, after completing the work had not been furnished even up to July 2013.
- (c) The former Director of the International Branch had been interdicted due to mismanagement, by the Board of Control on 09 November 2011. The former Director had filed a case against the Institute in this regard and the Institute had paid a sum of Rs. 802,000 to private lawyers for obtaining their service without being consulted the Attorney General in terms of Paragraph 6.1 of Chapter XXXIII of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.

5. **Accountability and Good Governance**

5.1 **Procurement Plan**

The Institute had not prepared a procurement plan for the year under review.

6. **Systems and Controls**

Weaknesses in systems and controls observed during the course of audit were brought to the attention 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) Fixed Assets Control
- (b) Purchase of Goods and Services
- (c) Personnel Control

H.A.S. Samaraweera

Auditor General.

Explanations provided by the Postgraduate Institute of Management regarding the 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 December 31, 2012, in terms of Section 19 of the special Ordinance under which the Institute was established, and section 108 (1) of the University Act No. 16 of 1978.

2.2.1 Advanced Accounting Practices

The task of reassessment of fixed assets has been assigned to the Valuation Department and reassessing is being conducted. Once the Reassessment Report is received the reassessed values will be tallied with the accounts.

2.2.2 Accounts Receivable and Payable

(a) Out of a retention amount of Rs. 1,599,707, Rs. 112,887.50 has been released in January 2013. As it appears that the contractors under reference have not conformed to the contractual obligations, steps will be taken in 2013 to credit the balance retention amount to the revenue.

(b) There is a difficulty in obtaining the details of unclassified accrued expenses of the international branch until the conclusion of the relevant investigation.

2.2.3 Lack of evidence for Audit

A difficulty exists in obtaining details of the balances of receipts and payments of the international branch until the conclusion of the relevant investigation relating to that unit.

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

(a) As information on entry and departure of employees is being documented through the computer system, this short-coming has occurred. Action will be taken to rectify this shortcoming from January 2013 onwards.

(b) Descriptions of all the inventory-items have been computerized. Although there had been a delay in the conduct of the board of survey

due to staff limitations and the heavy workload, the locations of all the items have been identified, and they have been properly listed assigning cord numbers to them. Arrangements will be made to conduct a board of survey in 2013.

4.2 Managerial Inefficiencies

- (a) All the employees of the Institute have been briefed on this aspect, and since January 2013 attendance of employees has reached a highly satisfactory level. Action will be taken to strictly follow the stipulations of the Administrative Procedure regarding attendance of employee from January 2013.
- (b) Although the relevant inquiry had to be temporarily postponed due to the legal matters that arose, it is expected that it would be recommenced and concluded in the near future. It was decided to make this payment taking into consideration the request of the relevant counsel, the time devoted as well as the efforts made by him regarding the inquiry up to then.
- (c) As per the decisions of the Board of Management of the Institute and the Council of the University of Sri Jayewardenepura, the services of a private lawyer was retained to handle the activities of the case. However, since January 2013 all the activities relating to the case have been handed over to the Attorney General's Department.

5. Accountability and Good Governance

As procurement activities had been at a very low level in the year under reference, a procurement plan had not been prepared. However, a procurement plan for the year 2013 has already been prepared.

Director
December 31, 2013.