

# **INSTITUTE OF INDIGENOUS MEDICINE**

**UNIVERSITY OF COLOMBO**

**SRI LANKA**

**ANNUAL REPORT**

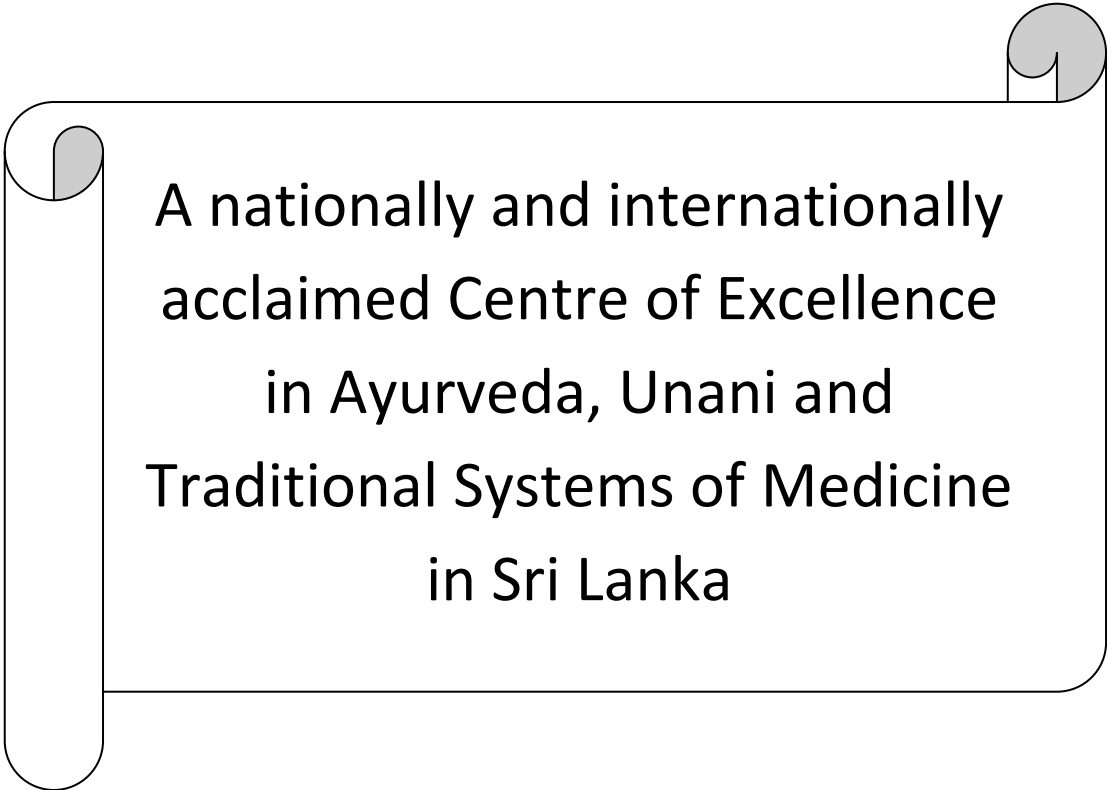
**AND**

**ANNUAL ACCOUNTS**

**2010**

# Vision

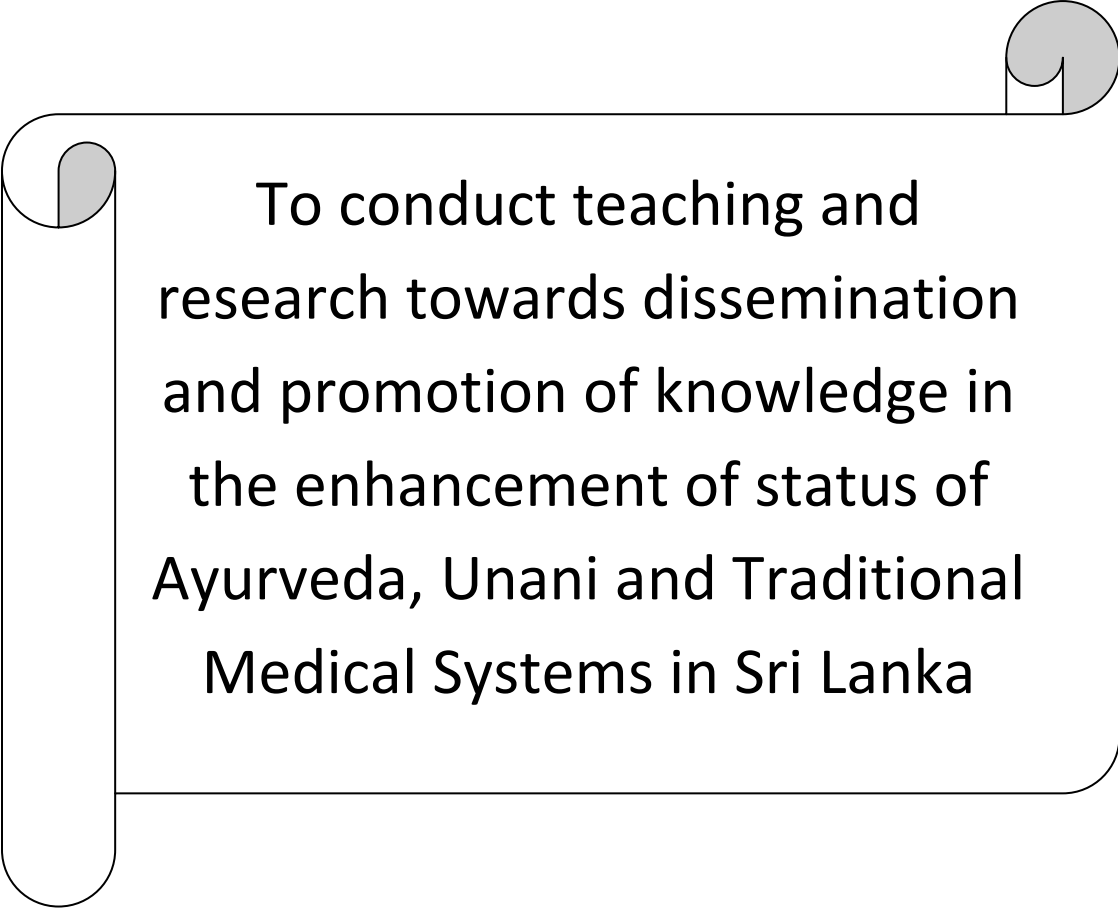
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A nationally and internationally  
acclaimed Centre of Excellence  
in Ayurveda, Unani and  
Traditional Systems of Medicine  
in Sri Lanka

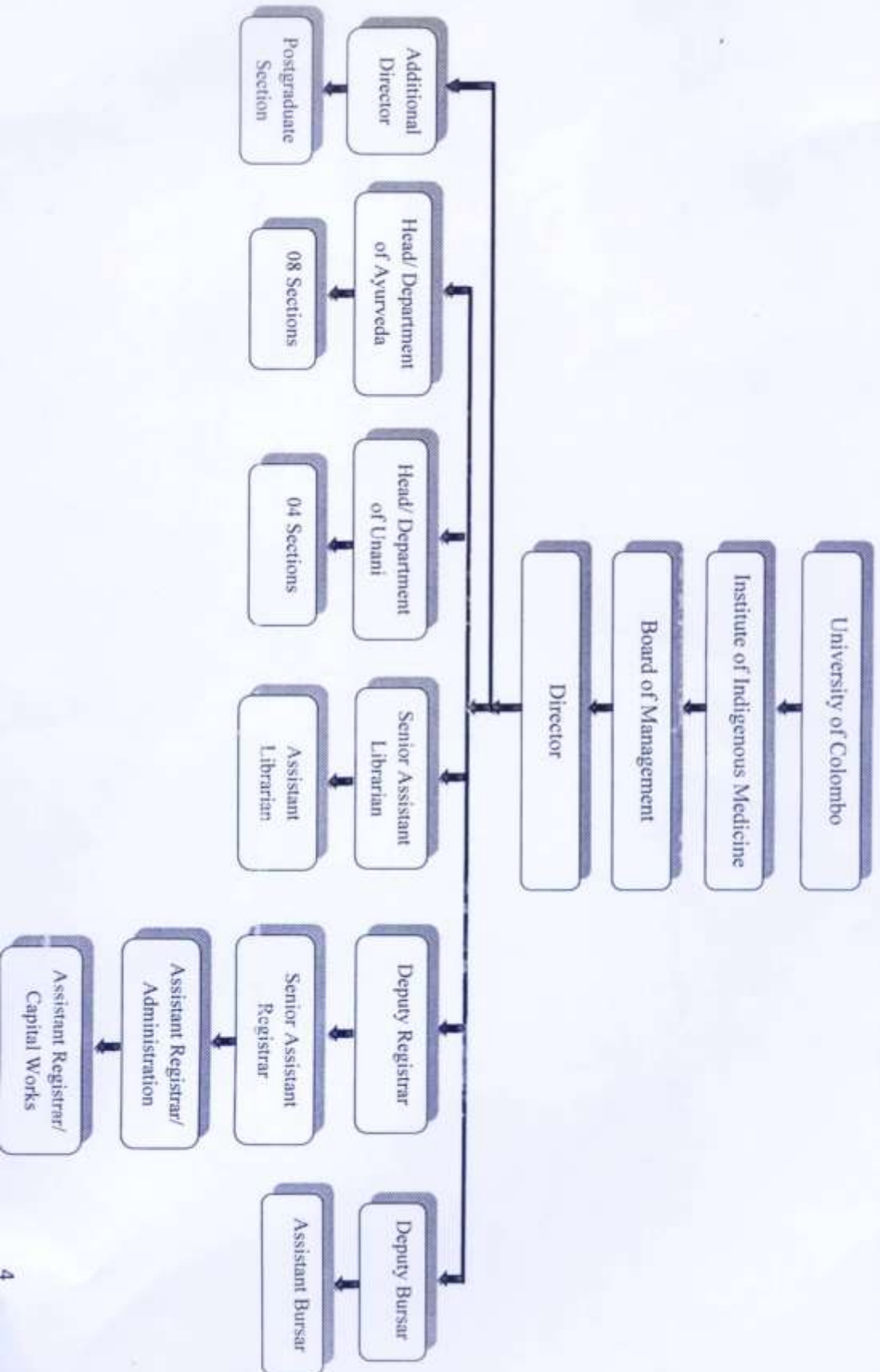
# Mission Statement

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

## Organizational Structure



### 3. **Director's Review:**

It is great with great pleasure and a sense of pride that I present the Annual Report for the year 2010. Institute of Indigenous Medicine University of Colombo established in 1929 of the college of Indigenous Medicine. It was affiliated to the University in 1977 for the human resource development in Ayurveda Unani and traditional system of Medicine in Sri Lanka.

Teaching, learning and research in indigenous knowledge in Sri Lanka is quite different from the western methodologies of the similar disciplines. Information was passed from generation to generation without any advanced technological support but on the methods adopted by themselves by their own customs and traditions.

The institute of Indigenous has a multi-national multi-ethnic, multi-religious student and staff population fostering social harmony, cultural diversity equal opportunity and unity.

### **3.1 Brief Introduction**

The Institute of Indigenous medicine of the University of Colombo is the premier Higher Educational Institute in Sri Lanka that provides instructions in Indigenous systems of medicine. The origin of the Institute dates back to 1929 with its commencement as the Government College of Indigenous Medicine. The Government College of Indigenous Medicine was elevated to the status of a Higher Educational Institute in 1977. It was affiliated to the University of Colombo in 1980. Since then, the Institute is referred to as the Institute of Indigenous Medicine, University of Colombo.

The institute is presently located at Rajagiriya in Kotte Municipal Council area on a six and half acres land by the side of the new Parliament Road.

The Institute is governed by a Board of Management vested with powers, duties and functions in respect of academic, administrative and financial matters set out in terms of provisions of the Institute of Indigenous Medicine Ordinance No. 7 of 1979.

Admission to the degree programmes in Ayurveda Medicine & Surgery and Unani Medicine & Surgery is from those who qualify at the G.C.E. Advanced Level Examination offering subjects in Biological Science stream. Selections are made by the University Grants Commission. Annual intake to both programmes is approximately 200.

The Institute comprises of the following two authorities

1. Board of Management
2. Academic Committee

#### **Board of Management**

The Board of Management is the academic and the principal executive body of the Institute. In terms of the provisions of Section 10 (1) of the IIM Ordinance No. 07 of 1979, the Board of Management in 2010 is constituted as follows:

Director (Chairman)

Dr. R.A. Jayasinghe – 230.09.2009

Sectional Head/ Ayurveda

Dr (Mrs) K.C. Perera

Director/ Ayurveda Research Institute

Dr Dayangani Senasekera from 18.08.2008

Assistant Secretary/ Ministry of Finance & Planning

Mr. M.M.C.P. Mohottigedara

Additional Director/ Postgraduate Section (On invitation)

Dr. D.K. Withanage – upto 24.08.2009

Dr. H.A.S. Ariyawansa – from 19.10.2009

Senior Assistant Secretary / Ministry of Higher Education

Mr Somaratne Widanapathirana

Senior Assistant Secretary/ Ministry of Healthcare & Nutrition

Mr B.M.K.B. Bamunuhendara

Dean/ Faculty of Medicine

Prof Harsha Seneviratne – from 18.08.2008

Commissioner of Ayurveda

Mrs. R.D.W. Gunawardhana

Director / Ayurveda Teaching Hospital, Borella

Dr. D.H. Tennakoon

Sectional Head/ Ayurveda

Dr (Mrs) K.C. Perera upto 02.02.2010

Dr. D.P.A. Dissanayake form 27.08.2010

Acting Sectional Head/ Ayurveda

Dr. H.A.S. Ariyawansa form 28.06.2010 to 30.07.2010

Sectional Head/ Unani

Dr. M.H.M. Nazeem

Deputy Bursar (On Invitation)

Mr. K.K.A.D.AU. Kumarasinghe upto 27.08.2010

Mr. S. Seneviratne form 15.12.2010

Deputy Registrar (Secretary)

Mr Gamini Jaysuriya

**Other Members from Faculty of Medicine**

Dr Chrishantha Weerasinghe

Dr. (Mrs) Buddhika Weerasundara

Dr. Panduka Karunanayake

**Member of the Ayurveda Medical Council**

Dr E.M.P.B. Ekanayake upto 01.06.2010

Dr. A.M. Heenilame 28.06.2010

**Members appointed by the UGC**

Dr. A.G. Nimal Jayasinghe

Dr. Sunil Athapattu

Dr. (Mrs) P.M. Chandrasiri

Dr. A.M. Aboothahir

Dr. Upali Senevirathne

Mr. Yasantha Kodagoda

Mr. Priyantha Premakumara



## **Academic Committees**

### **Ayurveda Sectional Committee**

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

In terms of section 15(1) of the IIM Ordinance No 7 of 1979, the Academic Committees in 2010 were constituted as follows:

Head of the Section (Chairman of the Committee)

Dr. K.C. Perera

Dr. H.A.S. Ariyawansa (from March 2010)

Dr. D.P.A. Dissanayake, Senior Lecturer Gr. II (from August 2010)

### **Unani Sectional Committee**

Head of the Section (Chairman of the Committee)

Dr. M.H.M. Nazeem

### **Higher Degree Committee**

- a. Director – Chairman of the Committee
- b. Additional Director
- c. Such teachers and other staff imparting instructions in the relevant branches of learning and who are confirmed in their posts.
- d. Four persons not being members of the institute appointed by the Board of Management from among persons of eminence on the branch of Indigenous Medicine relevant to the Postgraduate studies.
  - i Director, Ayurveda Teaching Hospital
  - ii Commissioner of Ayurveda
  - iii Secretary, Ministry of Indigenous Medicine
  - iv Director, Bandaranaike Memorial Ayurvedic Research Institute.
  - v Deputy Registrar/ Secretary

The Authorities and other bodies of the University met regularly

### 3.2 Sections and Units

#### **Ayurveda Section**

Ayurveda section consists of eight (08) Departments namely,

##### Department Name

1. Moulika Siddhantha
2. Shareera Vingnana
3. Dravyaguna Vingnana
4. Nidana Chikithsa
5. Prasuti Tantra Kaumarabrithya
6. Swasthavritta & Agada
7. Deshiya Chikithsa
8. Shalya Shalakyia

There were total number of 479 undergraduate students reading for Bachelor of Ayurveda Medicine & Surgery degree programme during the year under review.

#### **Unani Section**

Unani Section consists of 06 Departments, namely

##### Department Name

1. Kulliyat
2. Ilmul Adviya
3. Moalijat
4. Qabalat Vo Niswan Vo Atfal
5. Ilmul Jarahat
6. Hifzan e Sehat Vo Ilmul Sumoom

There were total number of 206 undergraduate students reading for Bachelor of Unani Medicine & Surgery degree programme during the year under review.

#### 4. Details of Resources & Students:

Section	Course	Total Students	Total Academic Staff	Total non Academic Staff
Ayurveda & Unani	BAMS & BUMS	685	66	82

The Admission to the degree programmes in Ayurveda Medicine and Surgery and Unani Medicine and Surgery is from those who qualify at the UGC Advanced Level Examination offering subjects in Biological Service Stream Selection are made by the university Grants commission. Annual intake to both programmes is approximately 200.

#### 5. Details of Local Students:

Faculty	Course	Medium	Intake 2010	1 <sup>st</sup> Year Students	2 <sup>nd</sup> Year Students	3 <sup>rd</sup> Year Students	4 <sup>th</sup> Year Students	5 <sup>th</sup> Year Students	No of Graduated
Ayurveda	BAMS	Sinhala English	150	133	94	83	76	79 60*	51
Unani	BUMS	English Tamil	50	42	31	24	18	24 21*	26
Total			200	157	125	107	94	184	77

2010 in take was 150 students for Ayurveda section and 50 students for Unani section out of 150 students 133 students were registered for the Ayurveda programme and out of 50 students 42 students were registered for the Unani programme. Those who follow Unani programme are Muslim students. These students coming to the institute all over the Country.

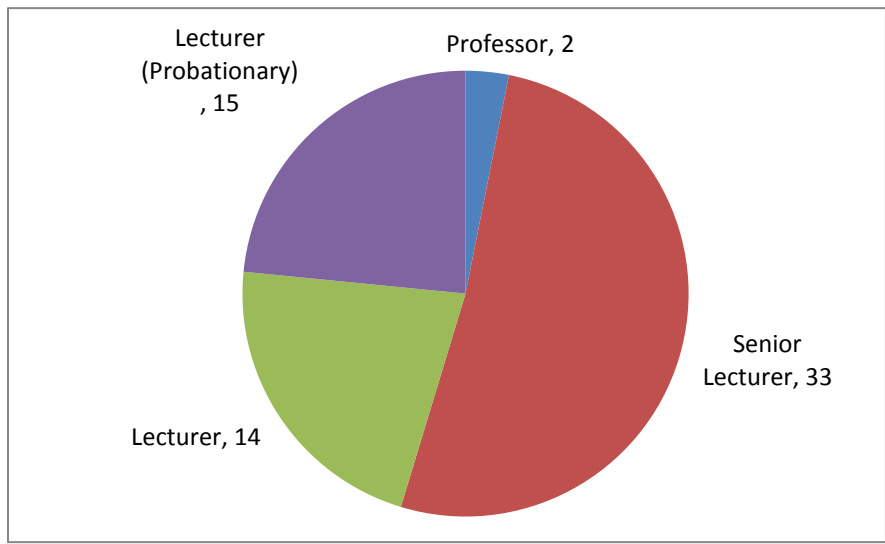
**6. Details of Academic Staff:**

Faculty	Medium	Senior Prof	Professor	Senior Lecturer	Lecturers	Lecturers (Probationary)	Instructors
Ayurveda	Sinhala	-	02	22	09	09	-
	English						
Unani		-	-	11	05	06	-
Total		-	02	33	14	15	-

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

There were 22 academic staff members in Unani Section including 11 Senior Lecturers, 05 lecturers and 06 lecturers (Probationary)

**Academic Staff Strength – 2010**



## 7. Details of Non- Academic Staff:

Faculty/ Branch	Most Senior	Senior Staff	Junior Staff	Minor Employees
Director's Office	-	02	-	01
Administration Branch	-	02	05	12
Postgraduate Section	-	-	01	01
Examination & Student Welfare	-	03	06	02
Establishment	-	01	01	01
Finance Branch	-	04	02	01
Library	-	01	05	03
Audio Visual	-	01	-	01
Ayurveda Section	-	04	04	12
Unani Section	-	01	02	03
Total	-	<b>19</b>	<b>27</b>	<b>36</b>

Total numbers of 82 non academic staff worked under of administration labourers, workshops and garden including Academic supportive officers, Executive staff, Management Assistant Technical/ Non technical, skilled, semi skilled and non-skilled staff.

## 8. Details of Research, Innovation and Publication:

Subject	Published	Presented
No of Researches	23	13
No of Innovations	01	
No of Journals	-	
No of Books	-	
No of Articles	02	
Other	-	
Total	26	13

**9. Details of Programme, Seminars & Workshops:**

Subject	Attended	Completed	Presented
a. No of Postgraduate Degree Programme	3	-	-
b. No of Postgraduate Diploma Programme	2	-	-
c. No of Degree Programme	2	-	-
d. No of Diploma Programme	-	-	-
e. No of Certificate Programme	1	-	-
f. Other	2	-	-
Total	10	-	-

**10. Details of New Course Started:**

Faculty	Course	Medium	Certificate	Diploma	Postgraduate Diploma	Master	M Phil	PhD
Ayurveda	Diploma in Ayurveda Pharmaceuticals	Sinhala	-	01	-	-	-	-
Total				01				

**11. Details of Recurrent Expenditure:**

Subject	2009 Rs	2010 Rs
a. Personal Emoluments	86,531,828	89,817,791
b. Travelling	2,105,408	133,800
c. Supplies	3,407,307	5,804,536
d. Maintenance	1,285,687	1,850,759
e. Contractual Services	12,973,052	14,979,008
f. Other	1,993,371	4,227,472
Total	108,296,653	116,813,366

**12. Details of Capital Expenditure:**

Subject	2009 Rs	2010 Rs
a. Acquisition of furniture & Office Equipments	1,482,639.41	2,450,946
b. Acquisition of Machineries	43,593,269.60	2,799,314
c. Acquisition of Building & Structure	3,883,615.46	5,250,260
d. Other		
Total		

**13. Details of Financial Progress (Expenditure):**

Subject	Provision in 2010 Rs	Exp in 2010 Rs	Savings/ Excess Rs
a. Recurrent except Project	114,306,791	126,698,042	12,391,251
b. Capital except Project	14,500,000	5,250,260	9,249,740
c. Project – Local funded	-	-	-
d. Project – Foreign funded	-	-	-
<b>Total</b>	<b>128,806,791</b>	<b>131,948,302</b>	<b>21,640,991</b>

**14. Details of Financial Progress (Generated Income):**

Source of Revenue	Provision in 2010 Rs	Collection in 2010 Rs	Deficit/ Surplus Rs
a. Undergraduate Studies			
b. Postgraduate Studies	3,420,000	3,135,000	(285,000)
c. Consultancies			
d. Other – Diploma in Ayurveda Pharmaceutical Course	2,700,000	2,700,00	
<b>Total</b>			

**15. Financial Performance Analysis – 2010:**

Subject	Formula	Exp. Per Student Rs
a. Recurrent Expenditure per Student (RE)	679 students	186,595
b. Capital Expenditure per Student (CE)	679 students	7,732
<b>Total</b>		



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**கணக்காய்வாளர் தலைமை அலுவலர் திணைக்களம்**  
**AUDITOR GENERAL'S DEPARTMENT**



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 உமது இல }  
 Your No. }

දිනය } 08 June 2011  
 திகதி }  
 Date }

The Director,  
 Institute of Indigenous Medicine

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

The audit of financial statements of the Institute of Indigenous Medicine Affiliated to the University of Colombo for the year ended 31 December 2010 was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 21 of the Institute of Indigenous Medicine Ordinance, No. 07 of 1979 enacted under the Universities Act, No. 16 of 1978, Sections 108 (1) and 111 of the Universities Act and Sub - sections (3), (4) and (7) of Section 13 of the Finance Act, No. 38 of 1971. This report is issued in terms of Section 108 (2) of the Universities Act and Section 13 (7) (a) of the Finance Act. In addition to this report, a Management Report on the financial statements was furnished to the Director on 30 March 2011. My comments and observations appear in this report.

1:2 Responsibility of the Management for the Financial Statements

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

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 Fax No. }

INDEPENDENCE SQUARE,  
 COLOMBO 07, SRI LANKA

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 E-mail } oaggov@slinet.lk



### 1:3 Scope of Audit and Basis of Opinion

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

## 2. Financial Statements

### 2:1 Opinion

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

## 2:2 Comments on Financial Statements

### 2:2:1 Accounting Deficiencies

The following observations are made.

- (a) Provision for gratuity amounting to Rs.17,764,292 had not been made up to 31 December 2010 for 50 members of the academic staff while the uncomputed under provisions in respect of the non – academic staff relating to the preceding years also had been adjusted to the Income and Expenditure Account for the year under review.
- (b) The course fee income and expenditure of the pharmacists course for the year under review amounting to Rs.1,410,000 and Rs.639,164 respectively had not been included in the Income and Expenditure Account.
- (c) The arrears of income of the postgraduate diploma course as at the end of the year under review amounting to Rs.1,581,667 had not been brought to account.
- (d) The direct credits amounting to Rs.775,488 that appeared in the Bank Statements during the years 2006 to 2010 had been credited to the Sundry Deposits Account without identifying and posting to the respective accounts.
- (e) Even though the reimbursement of the Mahapola advances amounting to Rs.300,000 granted to the first year students had been obtained, action had not been taken for the settlement of the advance account.

### 2:2:2 Unsettled Account Balances

Balances amounting to Rs.87,031 brought forward over a number of years in 04 Current Liabilities Accounts, balances older than 02 years amounting to Rs.534,783 in 03 Deposit Accounts, security deposits older than 04 years amounting to Rs.1,593,064 relating to a construction contract and the balance of Rs.127,296 accruing over a number of years in the “Unpaid Examination Fees Account” remained without taking action for settlement.

### 2:2:3 Inappropriate Disclosures

The funds received from external parties for the special activities such as research work of the Probationary Lecturers, Seminar on Traditional Knowledge and the Oriental Medical Science Fund and the expenditure therefrom had been recorded in the Sundry Deposits Account instead of recording in separate ledger accounts. These transactions could not be quantified as they could not be clearly identified.

### 2:2:4 Unreconciled Control Accounts

The accuracy of the balances of the following items of account appearing in the financial statements could not be established in audit as such items did not reconcile with the subsidiary registers / records.

Item of Account	Balance according to the Account	Subsidiary Register / Record	Amount appearing in the Subsidiary Register / Record	Difference
	Rs.		Rs.	Rs.
(a) Sarath Ranasinghe Fund – Investment Account	60,966	Confirmation of Bank Balance	86,264	25,298
(b) Distress Loans	19,162,824	Schedule	18,952,910	209,914
(c) Motor Vehicle Loans	2,271,215	- Do -	2,251,354	19,861
(d) Employees' Loans	371,269	- Do -	325,890	45,379
(e) Computer Loans	913,960	- Do -	891,500	22,460
(f) Festival Advances	265,649	- Do -	223,800	41,849
(g) Stores Advances	884,430	Report on Physical Verification of stocks	1,255,800	371,064

2:2:5 Lack of Evidence for Audit

The following items appearing in the financial statements could not be satisfactorily vouched in audit due to the unavailability of evidence indicated against each item.

Item	Value	Evidence not made available
-----	-----	-----
	Rs.	
(a) Cancelled Cheques (Balance as at 01 January 2010)	312,231	Schedule
(b) Banagala Fund	10,050	File
(c) Hostel Deposits	25,000	File and Confirmation of Bank Balance
(d) Tender Deposits (Refundable)	130,256	A proper register
(e) Library Deposits	59,460	- do -
(f) Hostel Deposits	180,767	- do -
(g) Fixed Assets (Cost of fully depreciated Assets)	59,141,389	- do -

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

The following instances of non – compliance were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non - compliance
-----	-----
(a) Universities Act, No. 16 of 1978 Section 109	The audited financial statements for the year 2009 had not been published in the Government Gazette.
(b) Treasury Circular No. 842 of 19 December 1978	The Register of Fixed Assets prepared through a private institution at a cost of Rs.171,243 in the year 2001 had not been updated.



- |   |   |
|---|---|
| (c) Treasury Circular No. IAI/2002/02 of 28 November 2002                   | A separate register had not been maintained for computers, accessories and software.  |
| (d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka |   |
| -----   |   |
| (i) Financial Regulation 103  | Action had not been taken on the shortages of 1,303 items of goods included in the Board of Survey Report for the year 2009.                                    |
| (ii) Financial Regulation 396   | The cancellation of 05 lapsed cheques valued at Rs.65,688 and issue of fresh cheques in lieu thereof had not been done through the "Cancelled Cheques Account." |

### 3. Financial and Operating Review

#### 3:1 Financial Results

According to the financial statements presented, the working of the Institute for the year ended 31 December 2010 had resulted in a deficit of Rs.142,942,199 before taking into account the Government grant for recurrent expenditure, as compared with the corresponding deficit of Rs.122,861,768 for the preceding year. The deficit for the year under review had been reduced to Rs.38,842,199 due to the Government grant of Rs.104,100,000 received for recurrent expenditure of the year under review and the deficit for the preceding year had been reduced to Rs.16,767,768 due to the Government grant of Rs.106,094,000 received for the recurrent expenditure of that year. Thus the financial result for the year under review as compared with the preceding year, had further deteriorated by a sum of Rs.22,074,431.

### 3:2 Operating Review

The following observations are made.

#### 3:2:1 Performance

- (a) The following 04 items of activities in the Action Plan had not been carried out.
- i. Updating of the Teaching Hospital Records.
  - ii. Review of the current Practical Training Programmes on Pathology Consciousness.
  - iii. Enhancing the Efficiency of the Performance Evaluation Process.
  - iv. Appointment of a Committee for the conservation of medicinal herbs.

(b) Academic Activities

The following observations are made in connection with the courses on Ayurvedic Medicine and Surgery and Unani Medicine and Surgery.

- (i) The syllabuses of the Degree Courses had not been revised since the year 1983.
- (ii) Lecture schedules for each subject had not been prepared at the commencement of each academic year.
- (iii) Even though 02 to 08 lecturers had been attached to each of the 28 subjects out the 31 subjects of the Ayurvedic Course, parts of subjects relating to each lecturer had not been formally assigned. The contribution of certain senior lecturers for the academic activities including the practical training had been minimal.

- (iv) Whether the full coverage of the syllabuses had been achieved could not be established in audit due to the incomplete and irregular manner of the maintenance of Students' Attendance Registers.
- (v) Even though the services of 29 external lecturers had been obtained a formal assignment of duties and a proper supervision had not been done.
- (c) A situation of students abandoning the courses without successfully completing the courses and failing examinations had been developing over several past years and the management had not paid any attention to that situation.

Academic Year of Admission	Number of Students Admitted	Number remaining by 5 <sup>th</sup> Year	Number of 5 <sup>th</sup> Year Passes	Percentage
-----	-----	-----	-----	-----
				%
2003 / 2004	102	67	45	44
2003 / 2004 (A)	78	62	50	64
2002 / 2003	95	86	63	66
2001 / 2002	101	80	58	57
2000 / 2001	98	54	43	44
1999 / 2000	114	73	53	46

### 3:2:2 Management Inefficiencies

The following observations are made.

#### (a) Bursary and Mahapola Payments

- (i) Bursaries had been paid continuously contrary to the provision of circulars to 10 students who had not followed academic activities with perseverance in the academic year 2009 / 2010 and out of them 03 students had not sat the examination of the academic year 2008 / 2009.

- (ii) Balances in the Bursaries and the Unpaid Mahapola Account amounting to Rs.1,415,900 and Rs.129,550 respectively existed as at 31 December 2010 due to obtaining reimbursements from the University Grants Commission even on behalf of students who were not paid such allowances.
- (iii) Action had not been taken in terms of provisions of circulars for the appointment of a Committee for Mahapola and Bursaries and for the preparation of Monthly Progress Reports.

(b) Masters Course in Ayurveda / Unani

A budget and a statement of expenditure had not been prepared for this full – time course. A sum of Rs.630,900 had been paid to 84 officers attached to 09 Divisions of the Institute as allowance for assisting courses, without a prior identification of the duties of the assisting staff and without evidence in support of the work done.

(c) Development and Maintenance of Libraries

- (i) The budgeted provision of Rs.1,500,000 for the year under review and the sum of Rs.272,000 collected from the candidates for postgraduate degrees had not been effectively utilized. The Director informed that the sum of Rs.1,500,000 was transferred, with the approval of the Treasury to rehabilitation and improvement works.
- (ii) An Annual Stock Verification of Library Books had not been carried out in accordance with the circulars from the inception up to the year under review. The outdated and damaged library materials had accumulated in the library stores.



(d) Scholarships and Grants

Action had not been taken to award the grants of Rs.25,000 made by the Oriental Medical Services Fund for the academic year 2008 / 2009 to the respective students and also to obtain the grants relating to the academic year 2009 / 2010.

(e) Outstanding Staff Loans

- (i) Steps had not been taken to recover loans amounting to Rs.1,044,815 granted to 06 employees and remaining outstanding for periods ranging from 01 year 04 months to 08 years.
- (ii) Contrary to the provisions of the Establishments Code, the recovery of Computer loans amounting to Rs.60,000 granted to 02 employees had been delayed by 08 and 06 months.

3:2:3 Poor Financial Control

- (a) Delayed banking of remittances and banking amounts in excess of daily collections and setting off such excess against the collections of the following day had been resorted to due to the poor financial control prevailing in the Institute. No supervision had been exercised over the Register of Daily Receipts of the Shroff and the banking of cash.
- (b) Eight unrealized deposits of 02 Bank Current Accounts amounting to Rs.17,854 including sums amounting to Rs.4,027 older than 01 year and 09 cheques valued at Rs.9,100 of the Research Current Account written 09 months ago and retained without being sent to the respective payees had been shown in the Bank Reconciliation Statements.

### 3:2:4 Underutilized and Idle Assets

#### (a) Retention of Idle cash in Bank Current Accounts

- (i) The average monthly capital expenditure incurred in the year under review ranged between Rs.50,850 and Rs.1,543,700 while an average monthly balance of Rs.3,819,000 had been retained in the Bank Current Account maintained for the purpose. The balance of that account as at 31 December 2010 amounted to Rs.5,656,120.
- (ii) A sum of Rs.665,772 received from the World Health Organization in the year 2006 had been retained idling in the Bank Current Account since that year without being used for the intended purpose.

#### (b) Idle Assets

Stocks of 4,120 units of goods of 18 categories valued at Rs.65,709 remained non-moving over a number of years.

### 3:2:5 Uneconomic Transactions

The following observations are made.

#### (a) Payment of Case Costs

A sum of Rs.420,693 had been paid as case costs to private lawyers hired for appearing in a case filed against the officers including the Head of Institute without obtaining the advice of the Attorney General in terms of Sections 5 and 6 of Chapter XXXIII of the Establishments Code. A sum of Rs.496,250 had been paid in the same manner in connection with a case decided in the preceding year.

- (b) Contrary to the instructions of circulars, overtime for periods exceeding 20 hours per mensem amounting to Rs.2,711,343 had been paid for 23,153 hours to the non-academic staff of 70 for attending to their normal duties.

### 3:2:6 Irregular Transactions

The following observations are made.

- (a) Calling for quotations, accepting quotations and opening of quotations in connection with the purchase of goods and services valued at Rs.2,230,889 in 08 instances in the year under review had been done contrary to the provisions of the Procurement Manual of the Government. Payment for those goods had been made without obtaining a certificate on the quality of those goods from a competent person.
- (ii) Recommendations of a Technical Evaluation Committee consisting of competent persons had not been obtained for the purchase of 04 categories of goods and services valued at Rs.723,330.

#### (b) Advances

An advance of Rs.30,000 granted to an officer on 18 October 2010 for carrying out improvements to the sewerage pipes system of the hostel had been settled in cash on 15 March 2011 without being used for the intended purpose.

### 3:2:7 Action Plan

An Action Plan for the first half of the year 2010 had not been prepared, while the Action Plan prepared for the last half of the year remained incomplete and inconsistent with Section 5:1:2 of the Public Enterprises Circular No. PED/12 of 02 June 2003.

### 3:2:8 Performance Reports

The Performance Report in terms of Section 4:2:6 of the above circular had not been prepared.

3:2:9 Budget

Material variances existed between the budgeted and the actual income and expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

4. Systems and Controls

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

- (a) Fixed Assets Control
- (b) Maintenance of Inventory Registers
- (c) Funds Control
- (d) Planning and Budgeting
- (e) Overtime and Payments to Staff
- (f) Advances
- (g) Accounts Payable
- (h) Award of Scholarships
- (i) Academic Activities
- (j) Procurements
- (k) Recovery of Staff Loans
- (l) Library Development
- (m) Payment of Bursaries and Mahapola

**H.A.S. Samaraweera**  
**Acting Auditor General.**

31/.

IIM/D/172

06.06.2011

The Auditor General,  
Auditor General's Department,  
Independence Square,  
Colombo 07.

Dear Sir,

**The Management Report with regard to the operation and performance of the Institute of Indigenous Medicine affiliated to the University of Colombo for the year ended 31<sup>st</sup> December 2010**

Submitted herewith the Management Report with regard to the operation and performance of the Institute of Indigenous Medicine for the year ended 31<sup>st</sup> December 2010 being prepared by taking into consideration the instructions given at the Audit Committee Meeting held on 03.06.2011.

**02. Making representation on Financial Statements**

**2-1. Accounting Deficiencies**

- a. It was recorded to make relevant adjustments in the Financial Statements of the year 2011.
- b. It was recorded to minimize such shortfalls in the future.
- c. It was recorded to make adjustments to Income and Expenditure Account in the year 2011.
- d. Actions were not taken to inform the Finance Division before 31/12/2010 regarding the funds receivable from the Post Graduate Fund. It was recorded to make the necessary adjustments in the year 2011.
- e. Adjustments were made to the Assets being purchased for the cost of Rs. 59,141,389 before 31/12/2004 considering it as Assets being depreciated according to the instructions given by the Circular No 649 of University Grants Commission. Preparation of Fixed Asset Schedule is in progress and it was recorded to take action as per the Audit instructions as soon as the completion of it.
- f. 3 Nos. of cheques amounted to Rs. 13,528/- related to the Account subjected to cancellation and reissuance of cash cheques amounted to Rs. 65,688/- was corrected by Journal No 4439.



- g. Necessary adjustments were made already with regard to Cheques amounted to Rs. 4,125/- by Journal No 4440.
- h. Cheque charges set off against Capital Account was corrected by Journal No 4441.
- i. It was recorded to correct it by re-examining the accounting entries of staff loans worth Rs. 622,633/-.
- j. Even at this time necessary adjustments are in progress regarding the Account of Rs. 87,031/- and it was recorded to complete this work as soon as possible.
- k. The amount of Rs. 1,593,064/- related to Security Deposits from a balance of Rs. 2,127,846/- aged more than two years is the retention from the construction contract of Students' Hostel. The Board of this Institute has granted its approval to accomplish the remaining work of the construction by utilizing this money as the previous Contractor has abandoned the project and that work has been completed already. It was recorded to take actions as per No 2 of Monetary Regulation 571 regarding the tender deposits amounted to Rs. 112,521/- and miscellaneous deposits amounted to Rs. 128,128/-.
- l. It was recorded to correct the direct credit of Rs. 775,488/- at the time of submitting final accounts of 2011.
- m. It was recorded to make relevant adjustments while thanking for pointing out the deficiencies in accounting the funds received from external parties.
- n. It was recorded to correct the unpaid examination fees account of Rs. 127,296/- having being examined it at the preparation of final accounts as per audit instructions.
- o. The Mahapola Advance Account of Rs. 300,000/= has been corrected already by the Journal No 4402

### **03. Un-reconciled Control Accounts**

- a. An amount of Rs. 50,000/- was deposited at People's Bank, Borella Branch according to Fixed deposit certificate No. A015321 of the Sarath Ranasinghe Fund and the certificate dated on 20/12/2008. There is a balance of Rs. 60,966/- mentioned on the name of Sarath Ranasinghe under the page no. 17 in the 2010 final account and in the sub schedules. The amount of Rs. 86,264/- stated by you is related to an account opened for a child of the person who died while working in the Institute.
- b. It was recorded to examine it as soon as possible to provide evidence required to the Audit since they are longstanding balances.

### **04. Non existence of evidence for the Audit**

- a. Already corrected the cancelled cheques account by the Journal No 4439.
- b. It was recorded to provide the evidence as soon as possible since the Banagala Fund was stated under fixed funds in the final account of year 2005.
- c. There is an amount of Rs. 10,000/- according to the Fixed Deposit Certificate Account No A/FD/BRR/12/15/5/28 dated 12/06/97 at National Savings Bank, Borella Branch and by this time that amount has been increased up to Rs. 22,975/-
- d. A fixed deposit of Rs. 25,000/- was deposited under the name of Hostel Fund according to the fixed deposit account no. 38058-I and letter dated 10/08/1990.
- e. Steps were taken to get confirmation for the balance. A Fixed Asset Certificate to the value of Rs. 10,000/- under the account no FD/BRL/12/17/5/71 dated on 3/4/92 has been issued for Fixed Asset Edirisinghe Fund. That certificate is under the custody of the Institute.
- f. A formal schedule for tender deposits payable is already being prepared and it was recorded to complete it as soon as possible.
- g. A formal schedule for library deposits is already being prepared and it was recorded to complete it as soon as possible.
- h. A formal schedule for security deposits was presented with 2010 final accounts. Schedule F2 of Page No 28.
- i. It was recorded to prepare Formal Hostel Deposit Schedules.

**05. Non-Compliance to Rules, Regulations and Management Decisions**

- a. Section 109 of Universities Act No 16 of 1978.  
It was recorded to publish financial statements for the year ended 2010 in the Gazette Notification.
- b. Treasury Circular No. 842 dated 19<sup>th</sup> December 1978.  
The Fixed Asset Register is being prepared already. Necessary action would be taken to update it.
- c. General Treasury Circular No. IAI/2002/02 dated 28<sup>th</sup> November 2002.  
It was recorded to act according to the instructions of General Treasury Circular.

**d. Financial Regulations of Democratic Socialist Republic of Sri Lanka**

- I It was informed the Staff to take necessary actions as per the Financial Regulation No. 103 after being verified 1303 Nos. of Inventory Items included in Stores Verification Report.
- II It was informed the Staff to take necessary actions as per the Financial Regulation No. 110 after being verified the Property Loss.
- III It was recorded to delegate the powers and functions with regard to financial controls at this time.
- IV The Divisional Heads were informed to handover duly filled overtime vouchers.
- V It was recorded to act according to the instructions of the Auditors.
- VI It would like to mention that the voucher No 26 stated by you has been duly signed by affixing stamps and putting NIC Number on it as per Financial Regulation No. 264.

## 6 Reviewing of Operations

### 6-1 Operational Inefficiencies

- a. According to the instruction 5.1.2 of Public Enterprise Circular No. PED/12 dated 12<sup>th</sup> June 2003, the strategic plan for the year 2011 has already been referred to the relevant divisions.
  - b. It was recorded to send quarterly reports to the General Treasury and the Ministry in year 2011.
  - c. Variation between budgetary and true Income and Expenditure has been caused by preparation of under estimates and over estimates for the subjects beyond our control such as increase in commodity prices in the market, salary increases and unexpected expenditure. It was recorded to look into procedures and take action to minimize these variations in future.
- I. When inspecting the travel expenses, it consists of local and foreign travel expenses. Foreign travel expenses seem low, since it had been controlled by the General Treasury.
  - II. Agree with the funding expenditure and a contract of Rs. 4, 923,000/- in December 2010 for Rehabilitation and Development has been offered to ACE Company. At this time 80% of that work has been completed.
  - III. A sum of 104,100,000/- for the year 2010 has been released by the General Treasury as recurrent expenditure and total income including other income was 114,306,791/-. Although the institution planned internal earnings of Rs. 8,954,000/-, it was unable to achieve the target due to conflict situations to be faced institutionally.

### 6-2. Performance



- (a) and (b) Inspection of Studies dated 13.05.2013  
 Ayurveda Division  
 Unani Division  
 Reply has been provided by the letters.

**7. Management Inefficiencies**

**a. Scholarship Assistance and Mahapola payment.**

- I. I accept the facts stated by the audit are true. After revealing these facts the payment for the relevant students in 3<sup>rd</sup> and 4<sup>th</sup> years suspended immediately and from then onwards, took action to make these payments with a regular procedure after discussing with the Divisional Heads. According to it before making Scholarship Assistance and Mahapola to eligible students an action was taken to obtain observation from them on the basis of students' attendance and involvement in the studies. Accordingly payment for any student with an unsatisfactory record has been suspended.
- II. Unpaid Scholarship Assistance and Mahapola Accounts is being balanced and it was recorded to make the necessary adjustments as soon as possible.
- III. Action was already taken to send the monthly Progress Reports to University Grants Commission.

**b. Ayurveda/ Unani MA Course**

- I. Budget Estimates for this Ayurveda/ Unani Course have already been prepared and submitted to the approval of University Grants Commission.
- II. Payments were made under the approval of Management Board of the Institution according to the Instructions of the Audit division of University of Colombo. Further, before these payments, recommendations were obtained from the relevant Divisional Heads regarding the staffs who were involved with it.

**c. Library Development and Maintenance**

- I. As the books and Magazines required by the Library in 2010 were received by IRQUE Project, the money allocated from annual estimates was transferred to rehabilitation and Development with the approval of the Treasury.

It was recorded to look into the sum of Rs. 272,000/- and to take necessary action.

- II. Due to recruitment of two batches per academic year during the past years and as a result of it the examinations were held throughout the year, Divisional Committee pointed out that library usage needs should be provided and therefore still we are not allowed to obtain time for stores verification. As well as the Librarian has recommended to look into the expired newspapers and magazines revealed by the audit and to remove them as scrap.

**d. Donations and Funds.**

- I. A Sum of Rs. 100,000/- received from the estate of Dr. Lakshman de Silva has already been deposited at a Fixed Deposit Account at National Savings Bank, Borella and it was recorded to expend the interest to be received at the maturity after one year to the welfare activities of students as per the instruction of Monetary Management Board.
- II. Eastern Medical Science Fund has granted money as follows for the first time to offer prize money.
  - 1<sup>st</sup> Year – 10,000/-
  - 2<sup>nd</sup> Year – Rs. 15,000/-
  - 3<sup>rd</sup> Year – Rs. 20,000/-
  - 4<sup>th</sup> Year – Rs. 25,000/-
  - 5<sup>th</sup> Year – Rs. 40,000/-

However from this, two examinations were carried out for fourth year (two batches of students have been admitted for this year on two instances) and accordingly although they should be provided with two scholarships, as there were no sufficient allocations provided, subsequently offering prizes for qualified students has been suspended. Discussions were carried out with the relevant institution with regard to this and after receiving their recommendation action will be taken to pay assistance continuously.

**e. Annual Inventory Verification**

- I. Although the assets verification of this huge institution with a large amount of inventory delayed due to employee vacancies, by this time the actions to be done subsequent to the assets verification (except taking action with regard to missing items) have been completed as per the provisions of relevant circulars

and financial regulations. Since there is a large number of missing inventory units (for 1303 inventory units) action for that also is being taking as per F.R. 103.

**II. Report of Inventory Verification in year 2009.**

- A Board has already been appointed to look into missing items as per audit instructions.
- It was recorded to inspect this function and to make the necessary adjustments as per audit instructions.
- It has already been initiated necessary action to enter 1594 inventory units relevant to inventory type 341 revealed at the audit in the inventory registers of each division.
- A Board has been appointed to take necessary action with regard to 80 inventory units to be destroyed and 667 inventories to be repaired and 441 inventories recommended to be donated as stated in the audit.

**f. Inactive Assets**

From the inventories stated at the audit it was informed that a few can be used and it is recorded to act on the rest of the inventories as per the Audit instructions.

**g. Financial Control**

- I. Financial Officers have already been informed to supervise the activity of banking the money received daily.
- II. With regard to the banking of money received by the institution, relevant officers were informed to bank the money during the following day of the date of money received.
- III. Financial Officers found an excess sum of Rs. 11,617/- was banked in month of November 2010 and at the same instance, procedures have already been implemented to prevent such errors happening again.
- IV. A procedure has already been implemented by Financial Officers to supervise with regard to shroff cash book and banking of money.
- V. From the 8 nos. of unrealized deposits amounted to Rs. 17,854/- only 4 nos. of deposits amounted to Rs. 3,787/- were unable to identify and remaining. It is recorded to take necessary action with regard to these deposits.
- VI. Adjustment has already been made to the unrealized cheques at recurrent current account and for Rs. 9,100/- of cash not sent to payees.

**H. Money retained idle in current accounts.**

- i. Although you have stated financing expenses as Rs. 481,826/- monthly in fulfilling the objectives of the institution, it is not practical. Money paid monthly had been changed according to the receipts issued to currently initiated projects and further instruction has not been given by the General Treasury to make short term investment of Rs. 3,819,316/- of the balance of current account. However by the month of December relevant construction contract for this money has been tendered to ACE Company.
- ii. It is recorded to obtain recommendation of Divisional Committee with regard to the expenditure of a Sum of RS. 665,722/- and to make necessary actions.

**i. Defaulted employee loans**

- i. Loan balances stated by the audit are relevant to the employees who abandoned the service and who obtained transfers. Necessary action to settle the loan balances have already been initiated.
- ii. Recovery of Computer Loans given to two officers amounted to Rs. 30,000/- had delayed for 8 to 9 months due to office negligence and procedures to minimize such shortages in future have already been introduced.

**j. Advances**

Since it took a long time to improve the sewerage system of the Hostel, settlement of the Advance of Rs. 30,000/- had delayed in 5 months. It was recorded to prevent such negligence in future.

**8. Transaction without regular authority**

**a. Payment of Court Charges**

According to a decision arrived by the Governing Council of University of Colombo, these cases had been vested with private attorneys. However, although according to a decision arrived by the Management Board, one of these cases proceedings were obtained back from private attorneys and handed over to the Department of Attorney General, Management Board decided to hand over the case again to the private attorneys according to the instruction of Department of Attorney General.

- b. When reaching the objectives of the Institution, all the functions have to be fulfilled through the current staff appointed to serve at the institution. Therefore payment for exceeding overtime limit of 20 hours has been made as per instruction of University Grants Commission Circular no. 9/2002 dated 16/10/2002.

**9. Irregular Transactions.**

- a. Relevant officers have already been informed to act according to the procurement advice with regard to all matters pertaining to the purchasing.
- b. Actions have already been taken to open the prices.
- c. Actions have already been taken to obtain the service of an officer with expertise knowledge to Technical Committee when purchasing all items.
- d. It has already been recorded to act upon 8.12.03 and 8.12.04 on procurement procedure.
- e. When purchasing UPS, an excess amount of Rs. 6,160/- has been expend due to the consideration of technical facts such as frequency, Output Range and Battery Backup.

**9. Systems and Controls.**

Staff has been informed on the Regulation of Management activities as per audit instructions.

Dr. R. A. Jayasinghe  
Director

**Copies**

- 1. The Vice Chancellor - University of Colombo
- 2. The Chairman - University Grants Commission
- 3. The Secretary - Ministry of Higher Education
- 4. The Secretary - Ministry of Finance and Planning