

RICHARD HULEATT, *President*

TRUSTEES OF
JAFFNA COLLEGE FUNDS

INCORPORATED IN BOSTON, MASSACHUSETTS

MAY 3, 1877

January 5, 2017

Via email

The Rt. Rev. Dr. Daniel Thiagarajah
Chairman, Board of Directors of Jaffna College
Chairman, Board of Directors of Uduvil Girls' College

Dear Bishop Thiagarajah:

As President and on behalf of the Trustees of Jaffna College Funds (TJCF), I am writing you in your capacity as Chairman of the Board of Directors of Jaffna College and Chairman of the Board of Directors of Uduvil Girls' College. Please share this letter with all of the members of Board of Directors of each college so that each Board is fully informed about the requests we are making in this letter .

As you know, TJCF is a public charity that must comply with fiduciary standards set forth in applicable law. Under those legal standards, the Trustees are required to take steps to ensure that the funds TJCF distributes are used responsibly and appropriately by the beneficiaries for the intended purposes. In order for TJCF to act responsibly as a fiduciary, our beneficiaries must provide us with transparent financial reporting, demonstrate responsible governance practices, and communicate cooperatively with us.

In light of these standards, we are concerned that there has been minimal or no compliance with financial reporting that we have requested from Jaffna College and Uduvil Girls' College. Neither college has submitted audited financial statements for 2015, nor have we seen implementation of the strategic plan developed by Ernst & Young in 2014.

Furthermore, we are troubled by the governance practices of both colleges. Their Boards of Directors are over-populated by members of the same inner circle rather than representatives of key constituencies such as parents, faculty and alumni. The joint occupancy of several official positions at each college by the same person(s) leads to an unhealthy concentration of power that unchecked can undermine the educational mission.

Moreover, rather than engage in constructive dialogue with the Trustees for the benefit of the colleges and their students, we have received threatening and inaccurate letters, and have witnessed the unprofessional treatment of our former Executive Director. We have heard about violence against and intimidation of students that is shocking. Violence has no place at institutions dedicated to education and promotion of humane Christian values in young people who will be future leaders of Sri Lanka.

Of particular and immediate concern are recent reports of others in Sri Lanka unrelated to TJCF. Based on our own experience, we find these reports to be credible and, consistent with the fiduciary standards imposed on us, cannot ignore them.

One report (quoted below) summarized interviews with several local and school constituencies¹ that noted:

- the stagnation of Jaffna College and the deteriorating situation at Uduvil;
- the intimidation and manipulation of staff;
- the falling standards and the recruitment of a number of under-qualified teachers;
- threats of physical harm and punitive measures;
- [that] no one has been held accountable for violence against the protesting [Uduvil] students;
- the abuse and misuse of power and the funds that [our]Trust provides; and
- the precedence of [your] personal interests over institutional priorities.

An unsolicited letter from the Uduvil Girls' College Parents' Association reports additional details about most of the items referred to above.

In each instance above, the author urged us to take drastic action – including withholding of financial support – in order to effect the change in governance that they, and now we, are convinced is needed to prevent further decline of institutions that the TJCF has supported for decades. The recommendation of aggressive action is new, but reports about the conflicted and punitive nature of the current leadership, which we have heard repeatedly in recent years, are not.

In order to demonstrate the seriousness of our concern, we are immediately reducing the funding of Jaffna College and Uduvil Girls' College by 20% of the budgeted grant amounts in the first quarter of 2017. At our annual Trustees meeting in October, 2016, we approved (i) an annual budget of \$369,985 for Jaffna College in 2017 reduced by \$15,000 for recovery of the 2013 grant advance of \$95,750, and (ii) an annual budget of \$231,412 for Uduvil Girls' College in 2017. Accordingly, giving effect to the 20% reduction for first quarter payment for 2017, we are delivering by wire transfer \$73,997 less \$3,750 in grant advance recovery = \$70,247 for Jaffna College, and \$46,282.40 for Uduvil Girls' College.

The Trustees insist on major changes (detailed below) in the governance and financial reporting for each college. These are consistent with governance and reporting standards that are accepted and implemented by well-run organizations worldwide, including educational institutions. They include, among others: independent audits of finances and internal controls, prudent and open nominations for persons to serve as directors, appointment of qualified officers and teachers, disclosure of related party transactions, avoidance of cronyism and nepotism, and regular meetings of boards and committees followed by public reports of deliberations and decisions (minutes).

In simple terms, a well-run organization evidences openness, transparency and fairness. We hasten to add that these values are consistent with our commitments as Christians. Moreover, schools that promote these values produce graduates who are well-educated, confident as adults, and committed to the public good.

Appendix A to this letter sets forth our requirements for the changes we insist on for each college – to be completed by **June 30, 2017**. We propose that the Board of Directors of each college, facilitated by you as Chairman, undertake this project in two steps.

¹ Based on meetings in October, 2016, with: Jaffna College Alumni Association; Uduvil College Alumni Association; students, parents, and teachers of Uduvil Girls' College; senior church officials of several Christian denominations; the Governor of Northern Province; and the Minister of Education of Northern Province.

Please send us a letter by **March 15, 2017**, reporting in detail about the requirements on Appendix A that each Board has taken by that date, and the measures that each Board will complete by June 30. The letter due March 15th must include the previously-requested audited financial statements for 2015, along with an account of progress on the strategic plan recommended by Ernst & Young. If we do not receive the letter together with the 2015 financial statements and the progress report by March 15th, we may reduce our payment for the second quarter of 2017. Audited financial statements for 2016 (detailed in Appendix A) are due by June 30, 2017.

We require a letter by June 30, 2017, discussing the items in Appendix A together with suitable documents in support. If the Board of Directors of either Jaffna College or Uduvil Girls' College does not comply (to our satisfaction) with the requirements by June 30th we will substantially reduce our payment for the third quarter of 2017. If needed, that reduction will remain until we see acceptable improvement in the reporting, governance, and communications practices of the colleges, and could decline further if we learn that any positive changes made are undermined or reversed. The Trustees intend to monitor compliance every quarter, and future payments to the colleges will depend on consistent high and transparent quality of governance and financial reporting.

In closing, we affirm our commitment to Jaffna College and Uduvil Girls' College and would welcome your good faith efforts to work effectively with us. Nonetheless, please keep in mind that the Trustees of Jaffna College Funds believe the welfare and education of the students are our greatest and most urgent concerns.

We look forward to your initial response due by March 15, 2017.

Very truly yours,



The Rev. Richard H. Huleatt
President

cc: Chief Minister C.V. Wigneswaran, Northern Provincial Council
Minister of Education Thambyrajah Gurukularajah, Northern Provincial Council
Vijula Arulanantham, Vice Chair, JC and UGC Boards
Patricia Suneetha Jebaratnam, Principal, UGC
D. S. Solomon, Principal, JC
Jude Sutharshan, Principal, CTS
T. Thevanesan, Chair, CACM
Darshan Ambalavnar, Program Director, CACM
Sugash Kanagaratnam, JC Alumni – Jaffna
Manickam Thavaogarajah, JC Alumni – Colombo
Murugesu Pushparajah, JC Alumni – Toronto
Anton Ganesan, JC Alumni – London
Ajit Emerson – JC Alumni – Sydney
Sabaratnam Ratnakumar, JC Alumni – Singapore
Jeevanam Watson, UGC Alumni - Colombo
Suganthi Alphonsus, UGC Alumni – Toronto
Sharmila Harichandra, UGC Alumni – Sydney
Gopikka Nirmal, UGC – London
Alexis Thayaparan, UGC – Parents Association

Appendix A

For each of Jaffna College and Uduvil Girls' College:

1. Audited financial statements by an independent internationally-recognized auditor that comply with international accounting standards for the year ended December 31, 2015 and the year ended December 31, 2016, including the letter to the Board of Directors (comments on quality of the audit process) and so-called management letter about internal financial controls and related governance matters.
2. Establishment of an Audit Committee (comprised of persons financially literate and independent of financial compensation by the college) and Nominating and Governance Committee for the Board of Directors.
3. Adoption of a policy by the Nominating and Governance Committee that publicly solicits names and qualifications of prospective directors from alumni, parents of students, and administrators of each school.
4. List of relevant experience and qualifications of each director currently on the Board of Directors including disclosure of any family relationships among board members and financial or other compensation for service as a board member.
5. Adoption of a conflict of interest policy (with required annual reports by each director) for the Board of Directors.
6. Annual disclosure of related party transactions for each member of the Board of Directors. (A related-party transaction is one in which a director derives a financial or other personal benefit from the college that could result in divided loyalty between service to the college and his/her own personal interest.)
7. Minutes of all meetings of the Board of Directors made available publicly.
8. Establishment of a faculty hiring committee comprised of the Principal, one college administrator or senior teacher, one member of the Board of Directors, one representative of the Parents' Association, and one public education official such as the Minister of Education (or his/her designee from the Ministry of Education).
9. Copies of bylaws (amended, if needed, to provide for term limits) and governing documents, as currently in effect.