

University of Ruhuna

1. Financial Statements

1:1 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 University of Ruhuna 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 1:2 of this report, the financial statements have been prepared in accordance with Sri Lanka Accounting Standards, give a true and fair view of the state of affairs of the University of Ruhuna as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

1:2 Comments on Financial Statements

1:2:1 Sri Lanka Accounting Standards

Instead separately showing the special advances, cash and cash equivalents, unspent capital grants, gifts and donations in accordance with the Sri Lanka Accounting Standard 3, only the net balance had been shown in the financial statements. As such the realistic nature of those assets and liabilities had not been reflected in the financial statements.

1:2:2 Accounting Deficiencies

The value of works completed, paid for and occupied several years prior to the end of the year under review amounting to Rs.3,282,636 had been shown in the accounts as unspent capital grants without being capitalized.

1:2:3 Unsettled Accounts

The balance of the Advance Account on Library Books and Periodicals relating to the years 2004-2008 amounted to Rs.311,738 and that had not been settled even by the end of the year under review.

1:2:4 Unreconciled Accounts

- (a) According to the financial statement, a difference of Rs.529,668 was observed between the balances of 11 Projects, a Deposit Account and Advance Accounts and the balances according to the subsidiary books relating thereto.
- (b) According to the financial statements, a difference of Rs.530,227 was observed between the opening balances of the Kotalawala Defence Academy Fund Account and the Exflora Club Account and the opening balances according to the subsidiary books relating thereto.

1:2:5 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with the following laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules,
Regulations, etc.

Non – compliance

- (a) Financial Regulations of the
Democratic Socialist Republic of
Sri Lanka (FR)

FR 155

Replies to 52 Audit queries issued during the period
2007 to 31 March 2011 had not been furnished.

FR 387

Even though obtaining Bank overdrafts by Government institutions is prohibited, contrary to such stipulation, the University had paid Bank overdraft interest amounting to Rs.1,349,397 during the year 2010 on the overdraft facilities obtained on 02 Bank Current Accounts.

- (b) Employees' Provident Fund Act as amended by the Amendment Act, No. 8 of 1971 and the Employees' Trust Fund Act, No. 46 of 1980.

The contribution of Rs.496,337 relating to 13 unconfirmed employees of the Head Office, Faculty of Agriculture and the Faculty of Engineering had not been paid to the Employees' Provident Fund and the Employees' Trust Fund.

2. Financial and Operating Review

2:1 Financial Results

According to the financial statements presented, the working of the University for the year ended 31 December 2010 had resulted in a deficit of Rs. 1,336,931,276 and that deficit had been reduced to Rs.211,649,347 due to the Government grant of Rs.1,125,281,929 received for recurrent expenditure. The deficit for the preceding year before taking into account the Government grant amounted to Rs.1,270,667,601 and that deficit had been reduced to Rs.231,488,951 due to the Government grant of Rs.1,039,178,650 received for that year.

2:2 Academic Activities

Significant data of the academic activities of the University for the year under review are given below.

Degree conducted	Courses	Number of Courses	Number who sat the Degree Examination during the year	Number of graduates produced in the year	Number of failed / referred students	Number of New Students enrolled in the year	Overall Number of Students as at the end of the year	Cost per Student for the year
								Rs.
Bachelor of Arts		13	471	348	123	438	1,589	74,748
Business Administration		01	293	241	52	325	1,553	23,396
Bachelor of Science		08	296	--	--	303	951	140,581
Bachelor of Agricultural Science		01	122	95	27	131	623	143,553
Bachelor of Medicine		01	179	165	14	194	795	91,402
Bachelor of Engineering Science		03	134	108	26	245	1,096	158,134
Bachelor of Fisheries and Marine Science and Technology		01	34	Examination not completed		45	151	160,248
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		28	1,453			1,681	6,758	
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The following observations are also made in this connection.

- (a) The result of the examinations conducted by the Faculty of Science in the year 2010 had not been issued even by 31 March 2011.
- (b) Out of the students who sat the final examination of all the Faculties during the year under review, 18.45 per cent had failed the degree examinations and the highest percentage thereof related to the Faculty of Humanities. That represented 26.12 per cent. Out of the students of the Faculty of Agriculture 22.13 per cent had either failed or secured referred passes.

2:3 Academic and Non-academic Staff Management

Information on the academic and non-academic staff of the University during the year under review is given below.

Faculty	Number of Registered Students	Academic Staff Academic and Academic Support (Permanent)	External	Non-Academic Staff	Teacher/Student Ratio
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Faculty of Humanities and Social Sciences	1,589	82	23	40	19
Faculty of Management and Finance	1,553	42	08	13	37
Faculty of Science	951	64	17	--	15
Faculty of Fisheries and Marine Science and Technology	151	15	14	12	10

Faculty of Agriculture	623	66	28	115	09
Faculty of Medicine	1,096	97	100	91	11
Faculty of Engineering	795	53	19	101	15
Finance and Administration Unit	--	--	--	812	--
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Total	6,758	419	209	1,184	
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The following observations are also made in this connection.

In taking into consideration only the permanent academic staff attached to the Faculties, the students per lecturer in the Faculties of Humanities, Science, Fisheries and Marine Science, Agriculture, Medicine and Engineering had been 19, 15, 10, 09, 11 and 15 respectively. Nevertheless, that number had been 37 in the Faculty of Management and Finance. Therefore the Faculty of Management and Finance had not maintained to the average Teacher/ Student Ratio of 1:20 which is the Standard for Universities.

2:4 Underutilization of Funds

Sums of Rs.1,442,775 and Rs.7,563,344 received for the Examination Hall Building of the Faculty of Humanities and Social Science and the Eliyakanda Male Hostel respectively had not been spent even up to the end of the year under review.

2:5 Management Weaknesses

- (a) The Board of Control had not taken adequate courses of action for the recovery of a sum of Rs.15,631,102 recoverable from lecturers who proceeded abroad on academic leave.
- (b) Action had not been taken to recover the loan balances amounting to Rs.1,891,560 due from the lecturers of the University before the approval of no-pay academic leave to them.
- (c) Even though the research advances should be settled during the calendar year, such action had not been taken on a sum of Rs.359,659. This amount included a research advance of Rs.55,000 older than 10 years.

2:6 Research Projects not implemented

Even though sums totaling Rs. 1,362,673 had been received from the preceding years up to the end of the year under review for 14 research projects of various Faculties, implementation of those projects had been abandoned.

2:7 Idle and Underutilized Assets

Two three-wheelers purchased for Rs.810,000 in June 2010 had not been used for running purposes even by February 2011.

3. Systems and Controls

The weaknesses in systems and controls revealed were brought to the notice of the University by audit queries from time to time. Special attention is needed in respect of the following areas of control.

- (a) Grant of Academic Leave
- (b) Motor Vehicles Control
- (c) Purchases
- (d) Implementation of Projects and Utilization of Funds
- (e) Contract Administration