

Open University of Sri Lanka - 2017

The audit of financial statements of the Open University of Sri Lanka for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of financial performance, 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 Sub -section 107 (5) of the Universities Act, No. 16 of 1978 . My comments and observations which I consider should be published with the Annual Report of the University in terms of Sub -section 108 (1) of the Universities Act appear in this report.

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.

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 consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University'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 University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

1.4 Basis for Qualified Opinion

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

2. Financial Statements

2.1 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 Open university of Sri Lanka as at 31 December 2017 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 Sri Lanka Public Sector Accounting Standards

The following observations are made.

(a) Sri Lanka Public Sector Accounting Standard 01

- (i) Even though the current and non- current liabilities should be presented as separate clarification on the face of its financial statements of the Paragraph of the Standard, the provision for gratuity had not been so categorized.
- (ii) In terms of Paragraph 48 of the Standard, revenue and expenses should not be set off unless required or permitted by the Accounting Standard. Nevertheless, the revenue received totalled to Rs.7,752,150 from taking photographs at General Convocation and video coverage and Research Methodology Course and the total of those expenses amounted to Rs. 2,658,283 had been set off each other and net value in the financial statements amounted to Rs. 5,093,867 had been taken in to accounts.

(b) Sri Lanka Public Sector Accounting Standard 07

- (i) Even though it had been approved by the Board of Directors that the assets of the University would be revalued once in every 5 years, that had not been disclosed in the financial statements and as a result of the assets not revalued during the due period the fair value of the properly plant and equipment cost at Rs.8,710,099,611 had not been appeared in the financial statements.
- (ii) The fixed assets totally depreciated as at 31 December 2017 cost at Rs. 678,909,611 had been shown in the financial statements and in terms of Paragraph 65, reviewing again the useful life time period of the assets further being used and actions had not been taken to revise the estimated error occurred accordingly in terms of Sri Lanka Public Sector Accounting Standard 03.

(c) Sri Lanka Public Sector Accounting Standard 10

Even though the revenue should be recognized considering the reference to the stage of completion of the transactions at the reporting date whilst the outcome of the transactions involving the rendering of the service can be estimated reliably in terms of Paragraph 19 and 20 of the Standard, a sum of Rs.7,751,070 received as short term course fee completed that requirement in the year under review had not been identified as an income related to the year under review.

2.2.2. Accounting Policies

The following observations are made.

- (a) Even though it had been approved by the Board of Directors that the below mentioned accounting policies are being followed whilst the value of lands brought to account, disclosures of those policies and following those policies continuously had not been carried out.
 - (i) Even though the accounting policy of the University was the disclosure of the possessing lands by only in a Notes to the financial statements under operational leasing method, without being performed according to that with regard to the land holding the academic center in Gampaha obtained for 30 years lease basis, the estimated value of that amounted to Rs. 42,000,000 it had been brought to account under the land in the financial statements.
 - (ii) Even though the legal ownership of the certain land was not available, if the possessing of that is belonged to the University for more than a 10 years period and if the University had constructed buildings in that land, accounting of the revaluation amount of that was the policy of the University. Nevertheless, actions had not been taken to bring into accounts the lands exceeding 10 years and the buildings constructed obtained on lease basis located at Anuradapura, Kegalle, Ampara, Ambalangoda.

2.2.3. Accounting Deficiencies

The following observations are made.

- (a) The expenses in capital nature totalled to Rs. 15,674,697 had been taken in to accounts as recurrent expenditures incurred for a the renovation of the library building and attaching power cables amounted to Rs. 2,529,788 and Rs. 3,892,698 respectively and a sum of Rs. 9,252,211 incurred for the partition of the offices.
- (b) As the non- calculation of the cost of 19,582 books whilst the calculation of the year end stock in hand of the Central Books Dispatch Unit, the stock value of those books in the financial statements had been understated an equal amount to the cost of those book.

- (c) Instead of brought in to account as an advance in the financial statements, a sum of Rs. 443,750 paid as 25 per cent from the valuation amount for acquire a land in Rathnapura on 09 august 2011 due to brought in to account as an expenditure, the current liabilities had been understated by Rs. 443,750 .
- (d) Building rent for the year 2018 amounting to Rs.342,168 had been brought to account as an expenditure of the year under review.
- (e) A sum of Rs. 3,401,070 received for still photography and video covering of the Convocation in the year under review and a sum of Rs. 248,520 received from the Research Methodology Course as totalled to Rs. 3,649,590 had not been taken into accounts as revenue relating to the year under review.

2.2.4 Unreconciled Control Accounts

Differences amounted to Rs. 47,770,990 and Rs. 41,245,622 respectively had been in opening and closing balances between the stock balance relating to the Central Books Dispatch Unit and the stock balance in ledger accounts in the year under review according to the financial statements.

2.2.5 Lack of Evidence for Audit

The following observations are made.

- (a) The information with regard to the conducting lectures on weekdays and week ends in of 08 Regional and Study Centers had not been furnished to audit. (Anuradhapura, Jaffna, Vauniya, Trincomalee , Polonnaruwa, Kuliyaipitiya and Puttlam).
- (b) Even if it had been assessed the lands belonging to Nawala premises and 18 land plots of Regional Study Centers for Rs. 4,427,100,000 , details with regard to the overall value such as the method of those values consisted or value of a perches and the number of perches had not been furnished to audit.

2.3 Accounts Receivable and Payable

The following observation are made.

- (a) Out of the receivables from 14 academic and non- academic officers who had violated the Bond Agreements totalled to Rs. 48,085,752 any money had not been recovered even by the year under review from the year 1988 to the year 2000 . Similarly, out of the total engagement value totalled to Rs. 29,860,739 only a sum of Rs. 20,699,396 had been recovered from another 14 academic and non- academic officers who had violated the bond agreements .

(b) The balance of the staff loan not recovered as at 31 December 2017 from the 51 of the staff was Rs. 1,806,518 and within that a sum of Rs. 1,613,208 recoverable from 47 of the staff who had resigned the institute, a sum of Rs. 193,310 receivable from officers who had obtained no pay leave in contrary to the terms of the Establishment Code were also existed. Sufficient steps had not been taken in respect of recovering the relevant loan balances.

(c) A sum of Rs. 6,829,000 had been shown as differed short term income under the current liabilities as at 31 December 2017 and out of that the revenue relevant to the year under review had not been identified and taken in to revenue and only a sum of Rs. 1,868,000 had been identified even by 30 June 2018 as at the date of audit.

2.4 Non - compliance with Laws, Rules, Regulations and management Decisions

The instances of non - compliance with Laws, Rules, Regulations observed in audit are appear below.

Reference to Laws, Rules and Regulations etc.

Non Compliance

(a) Financial Regulation of the Democratic Socialist Republic of Sri Lanka.

(i) Financial Regulation
751 (1)

The stock books had not been maintained in Divisional Study Centers in respect of the course books and study materials issued from the Head Office.

(ii) Financial Regulation
772 and 773

Even though besides the metal goods the other goods which were incorrectly stated should be excluded performing a better treatment, according to the Annual Board of Surveys conducted in Regional and Study Centres actions had not been taken to remove or repair of the goods such identified.

(b) Public Finance Circular No. 3/ 2015 of
14 July 2015

Even though the ad-hoc sub imprest should be settled as soon as the job completed, the 11 advances valued at Rs. 133,584 obtained during the year had not been settled as such.

(c) Establishment Code for the Universities and Higher Education Institutes

- (i) Section 3.1 of Paragraph XX A Register of Attendance had not been maintained for the officers of the Academic Section of the University
- (ii) Section 3.2 and 3.3 of the Paragraph XXVI Even though the restoration value should be recovered from the responsible persons identifying and stipulating for related shortages, losses and damages after investigations in respect of the misplaced fixed assets identified at the Board of Survey Examination , it had not been so done.
- (iii) Section 3.3 of Interim Act 2014 relating to the Consultancy Service and Externs Resources. Even though a report in respect of the progress of the each courses should be furnished to Consultancy Service and External Resources Committee, the progress reports of the year under review had not been so furnished.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial results of the University for the year ended 31 December 2017 amounted to a surplus of Rs. 125,553,169 as against the deficit of Rs. 164,821,885 or the preceding year, thus indicating a improvement of Rs. 290,375,054 in the financial result for the year under review as compared with the preceding year. Even though educational services expenses had increased by Rs. 199,394,011 in the year under review as compared to the preceding year the increase of the Government grant by Rs. 112,575,000 and the students income by Rs. 388,412,366 had been the main reasons for the above improvement.

In analyzing of the financial results for the year under review and the 4 preceding years indicated that even though there was a generation of surplus in the year 2013 to the year 2014 a deficit had occurred in the years 2015 and 2016 and it had been a surplus in the year under review again. However, it was observed that after the adjustment of the employees remuneration, the depreciation on non-current assets and the taxes paid to the Government, the contribution of the Institution amounted to Rs. 1,457,733,184 in the year 2013 had been improved up to Rs. 1,939,037,275 ,at the end of the year under review with variances .

4. Operating Review

4.1 Performance

4.1.1 Planning

Even though the Corporate Plan and the Action Plan had been prepared and furnished to audit, the attention of the higher management had not been drawn in respect of achieving the overall objectives of the University using the relevant plans. Further, even though the Corporate Plan had been prepared for 04 years, in terms of Section 5.1.3 of the Public Enterprises Circular No. PED/ 12 of 02 June 2003, actions had not been taken to update that.

4.1.2 Activities and Review

The following observations are made.

- (a) Although it had been performed as per the other Universities whilst the recruitment of lecturers to the University and providing other benefits, as the most of the lectures of the Open University were conducted in weekends the additional payments had to be made for the lectures in addition to the salaries and wages. As per the sample audit test checks conducted, the number of lecture hours carried out during the weekends in 15 Centers in the years 2016/2017 of the University were 10,776 and the number of lecture hours performed in the weekends were 29,320. Accordingly, 73 per cent out of total lecture hours had been conducted during the weekends and the number of lecture hours conducted during the week days was 26 per cent.
- (b) Although according to the Code of Study (Norms) the University, all the courses should be revised again and updated once in a 4 years normally, such course revisions had not been carried out in respect of many courses of the University and the delayed period had been at a higher range from 2 years to 24 years. However, the course revisions had been made by the external parties and a sum of Rs.736,465 had been paid for that in the year 2017 and it was observed that the occupying in the activities such as course revisions and conducting lectures by the academic staff had been at a very low level.
- (c) The Distance Education Modernization Project had been implemented by the Ministry of Higher Education on loan basis valued at Rs. 9,000 million received from Asian Development Bank focusing the Open University and the National Online Distance Education Service had been established in the year 2010 to continue the activities of the Project. The administrative activities of the Project had been handed over to the University by 01 March 2015 and the following matters were observed with regard to that.
 - (i) Four Deputy Directors including 61 Computer knowledgeable officers had been employed in this Project by 01 March 2015 assigning the administrative activities of the Project to the Open University. Nevertheless, as the actions had not been taken to recruit the staff to the Open University as per the instructions of the Ministry, 30 officers including 03 Deputy Directors assigned to this Project had resigned from the Institution.

- (ii) Even though a sum of Rs. 100,757,839 had been earned from the years 2011 to the years 2013 by this Project through providing the service facilities to the external parties using technical facilities, after handing over the Project to the Open University ruled out from the control of the Ministry, the total income had been drastically decreased to Rs.7,137,587 from the year 2014 to the year 2016 and any income had not been reported in the year 2017.

There was no evidence as any audio visual conference course had been conducted by the Project in the year under review and the Vice Chancellor had informed as the answers to the audit reports that outdated technical equipment and though the Ministry had agreed to provide financial provisions for the repair of them but actions not taken to provide that allocation was a main reason affected to the failure of the related Project.

- (iv) Through this Project which was established incurring a huge amount expenditure focusing the Open University, it could have been able to get a significant contribution in respect of providing the Distance Education the primary objective of the Institution thereof, using Modernized Technology. Nevertheless, the sufficient attention of the Higher Management had not been drawn for carrying on this Project successfully.
- (d) A sum of Rs. 18 million had received during the period of 2011 - 2016 to implement the Higher Education for Twenty First Century (HETC) Project of Open University implemented from the Ministry of Higher Education with the objective of broadened the capacity of the Higher Education in Sri Lanka and providing a quality educational service matched to the country and the following observation are made with regard to that.
 - (i) The basic courses introduced (Start@OUSL) under the University Development Grant Funds was a compulsory to all the students who are following the Degrees of the University. Nevertheless, the compulsory subjects of the each Degree Courses had been decided by the Senate of the University with the recommendations of the Faculty Boards. Accordingly, even though the knowledge with regard to all the subjects of the basic course was significant, due to not offering the opportunity to follow all the subjects, the achievement of the expected objective had been minimized.
 - (ii) Even though 5,000 Hand Books had been printed incurring a sum of Rs. 2,175,000 to enhance the soft skills using the Development Grant Funds of the University, as this course was not made compulsory to all the student, the number of students who had followed the course were less than 2,000 . Because of that, 3,052 Books valued at Rs.1,327,620 had remained at the Central Books Dispatch Unit even by the end of the year under review.
 - (iii) Even though a sum of Rs. 1,800,000 had been provided under the Quality and Innovation Grant for the preparation of 18 multimedia courses and 09 online courses under the restructuring of the Arts Degree offered by the Sociology Study Division of the University during the period of 09 months from the March 2014, the relevant activity had not been completed during the Project period.

- (iv) It had been planned by the related project to produce audio visual teaching aids by the media house of the University (CETMe) and to provide the opportunity to watch those teaching aids to the students under the Digital Library Facility through the internet. Accordingly, even though nearly 52 audio visual teaching aids had been produced, action had not been taken to provide that Digital Library Facility through servers valued at Rs.1,940,688 provided by the Project.

4.2 Management Activities

The following observations are made.

- (a) It had been entered in to an agreement with a private company for the completion of 16 enhancements in the Management Information System amounted to Rs.6,590,875 in the year under review and a sum of Rs. 3,298,437 had been paid on 08 August 2017 to that Company as advances. Even though these activities should be completed by the February 2018 only one enhancement cost at Rs.156,250 had been completed by the 28 May 2018 and the attention of the management in respect of these delays had not been drawn and charging of fines also had not been made in terms of the agreement.
- (b) Even though a sum of Rs. 4.5 million had been paid continuously to a private Company per annum for the maintenance of the Management Information System, it was observed that the Company had impossible to provide an accuracy and efficient service through the information system. Similarly, it was observed that a proper control had not been made with regard to that and relevant payments were done without evaluation of the service.
- (c) The following observations are made in respect of the lands obtained for the use of the Institution.
- (i) Out of 29 land plots in extent 75 acres being maintained the Regional and Study Centers of the University, the legal ownership of the lands had been taken only for 07 land plots in extent 53 acres to the University. Adequate actions had not been taken by the higher management to acquire the ownership of 22 plots of lands in extent 22 acres to the University. Further, even though it had been elapsed a time period ranged between 08 years to 30 after handing over the ownership of the lands to the University in extent of 18 acres being used by the University within the areas of Matara, Kandy, Kalutara and Kegalle, the Deeds of Right had not been obtained even by the year under review.
- (ii) The land in extent 17 perches where the Ampara Study Center is being maintained had been obtained on lease basis for a period of 30 years from 24 September 2004 and though a sum of Rs. 203,000 had been paid as lease rent up to the year under review from the year 2004 for that, it had not been entered into a proper lease agreement.

- (iii)** Even though a sum of Rs. 100,000 on 20 March 2013 and a sum of Rs. 443,750 on 09 August 2011 respectively had been paid as 25 per cent from the estimated value of that to the Divisional Secretariat Offices to acquire the land in extent of 03 acres at Badulupitiya in Badulla and the Ratnapura land 62 perches in extent to acquire to the University, the ownership of the lands therein had not been obtained even by the 31 December 2017. However, the Vice Chancellor had informed to the audit that as it was informed that the alienating of the Badulupitiya land to the University was impossible and therefore a request had been made from the Divisional Secretariat, Badulla for the money paid to be sent back to the University.
- (d)** Actions had not been taken to credit a considerable percentage to the University Fund from the revenue received from the short term course and post graduate Degree Courses conducted through the Education Program for Self Financing (C-Sap).
- (e)** Even though a new module had been established on 01 November 2014 due to the defects in the old module (Libsys) existed in the library, a Board of Survey had not been conducted with regard to the books remained as at the date. Accordingly, it could not be able to confirm the accuracy of the information of the new module prepared based on the information of the old module which had defects due to not conducting the Board of Surveys regarding the books for more than a ten years period. Similarly, it was revealed in field audit examination that 18 Libraries of the Study Centers had been closed without being used.
- (f)** As the computer software system had not been updated to be able to identify the course books remained for a certain specific date accurately in the new computer software system installed during the year 2016 in the Central Books Dispatch Unit of the Open University, a shortage of 28,748 books valued at Rs. 5,193,446 and a surplus of 30,580 books valued at Rs. 4,794,294 had been appeared in accordance with the physical stock balance and the balance as per the software system as at 31 December 2017.
- (g)** Even though a number of 2,830 books valued at Rs. 424,500 remained in the software system of the Central Books Dispatch Unit had been issued at the occasion of conducting the Annual Board of Survey to related sections physically, those stock had not been removed from the computer system of the Central Books Dispatch Unit.
- (h)** As the books were printed without identifying the printing requirement accurately, a number of 103,868 books had been removed by the year 2015 and the number of books unusable at the audit examination as at 08 March 2017 was 39,007. Similarly, a list of books to be removed was being prepared considering as outdated book list by the various Faculties and Study Divisions by the end of the year under review. It had been identified a number of 66,816 books cost at Rs. 11,426,630 as outdated books by 06 June 2018 as at the date of audit.

4.3 Underutilization of Funds

The underutilized balance remained with regard to the 40 various funds as at the end of the year under review was Rs. 24,293,376 and out of that a sum of Rs. 7,810,535 remained in 12 funds had not been utilized for 10 years period.

4.4 Idle and Underutilized Assets

The following observations are made.

- (a) Although the Generators had been provided to be able to use at the occasions of the power failure in Regional and Study Centers, nevertheless those were not functioned and lack of adequate capacity, had not been used. The attention of the management had not been drawn to repair those machines and providing the generators in adequate capacity to carry on the activities of the relevant Centers efficiently.
- (b) A large number of dormant assets were available due to the existence of the dormant assets at the occulting of handing over the National Online Distance Education Project and not performing the maintenance works properly. Nevertheless, actions had not been taken to make them to be used being repaired.
- (c) As per the documents in the Press, the total printing cost was Rs. 66,499,117 during the year 2017 and the number of pages printed were Rs. 48,654,337 . Accordingly , the average expenditure for a page had been Rs. 1.37 . The above vcalculation had been had been made without including any cost for lease rent and the royalty for the relevant building , if it was also included , the cost of a page would be continued to rise. Being incurred an extra cost such as employee overtime due to the delays in printing orders had attributed to the increase in printing cost.

5. Sustainable Development

5.1 Achievement of Sustainable Development objectives and Goals.

Every public institution should act in compliance with the Letter No. NP/ SP/ SDG/ 17 of 14 August 2017 issued by the Secretary to the National Policy and Economic Affairs United Nations Sustainable “ Agenda for the year 2030” for the Sustainable Development and the Open University of Sri Lanka had been aware as to how to take measures relating to the activities under purview of their scope and the Sustainable Development Objectives and Goals relating to the year under review.

Nevertheless, even though the activities related to Action Plan and Corporate Plan had been consisted in for achieving those objectives, it was confirmed through the performance reports that the progress of achieving of related activities was at a minimum level.

6 Accountability and Good Governance

6.1 Internal Audit

Forty Internal Audit Queries had been issued during the past 04 years period and out of that the replies were received only for 05 queries by the 24 August 2018 the date of audit. Accordingly, the attention of the management had not been drawn in respect of carrying out the internal audit of the University in terms of the Financial Regulation 133 and 134 and as per the Circulars issued by the Department of Management Audit.

6.2 Procurement and Contract Process

6.2.1 Procurement

The following observations are made.

- (a) Out of the 20 projects which had been planned to be commenced by the 01 March 2017 amounted to Rs.1,851 million as per the Procurement Plan the procurement activities of 17 projects assessed cost at Rs. 1,374 million had not been commenced even by the February 2018 .
- (b) A sum of Rs. 169.05 million had been approved on 14 November 2016 for the construction of library building. Accordingly, even though it had been informed as per the letter of the Chairman of the University Grant Commission as the construction should be completed by selecting a contractor calling National Competitive bids within 12 month from the above date, the construction works had not been handed over to the selected contractors by preparing relevant plans and calling quotations even by the February 2018.
- (c) A period of 05 months had been spent from May 2017 to September 2017 to select a studio to take photographs of the Convocation 2016. Limited quotation had been called firstly for the relevant procurement and two paper advertisements had been published in two times incurring Rs. 169,146 to create an open competition later on . Nevertheless, due to the time delay the relevant activity was accomplished by paying Rs. 178,000 to the University staff for achieving the relevant work during the due period and the expenditure incurred for publishing paper advertisement had become a useless expenditure.
- (d) The following matters were observed with regard to the renovation contract of the Library Building estimated to a cost at Rs. 3,431,305.

- (i) When the evaluation of Bids in terms of the Paragraph 7.9.11 (a) of the Government Procurement Guideline if a bidder has quoted unrealistically low rates on critical or very important items and if the TEC is of the view that hence the bidder would fail in the performance of his obligations within the quoted rates in terms of the Paragraph 7.9.11 (b) such Bid may be rejected. Nevertheless, without taking actions according to these terms and considering the low rates it had been recommended to award the contract.
- (ii) If there are some doubts about the contractor's ability to procure such Works as per the quoted rates presented by a certain Bidder, a higher performance security may be requested to mitigate such risks in terms of the Paragraph 7.9.11 (d), it had not been performed according to so said terms in respect of the contract.
- (iii) In terms of the agreement, the date of commencement of the contract was 10 July 2017 and the contract should be completed within 12 weeks from that date or by 12 October 2017 the selected contractor had stopped the contract was halted without completion of 03 very important works. Similarly, the Performance Bond amounted to Rs. 171,565 had expired on 10 November 2017 and due to the actions not taken to extend that, the losses had also been impossible to recover.
- (e) As per the contract agreement of fixing power cables in Library Building again the estimated cost at Rs. 4,494,118 thereof, even though the contract should be completed during 60 days from the 30 May 2016 the related work had not been completed even by the 05 May 2018 and actions had not been taken to extend the contract period. Further, even though the validity period was over by the 16 September 2016 actions had not been taken to extend that Performance Bond amounted to Rs. 224,705.

6.2.2 Deficiencies in Contract Administration

It had been entered in to an agreement with a private company on 23 February 2015 for the construction of a solar power fixing project cost at Rs. 45 million for the University and as the contract was awarded without examining the prior qualifications properly in terms of Paragraph 3.12.2 of Procurement Guideline, the related project had been failure. Nevertheless, it was impossible to confirm in audit that whether the attention was drawn in order to an alternative program to achieve the expected objective though the relevant project.

6.3 Budgetary Control

As significant variance from 40 per cent to 1,356 per cent had been in budgeted income and expenditure while comparing with actual income and expenditure balances, thus indicating that the budget had not been made use of as an effective instrument of financial control. were observed

6.4 Unresolved Audit Paragraphs.

The deficiencies pointed out by the audit report in respect of not performing the revaluation carried out at last as at 31 December 2012 properly it had not been corrected even by the date of this report.

7. System and Controls

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

Areas of System and Control	Observations
-----	-----
(a) Internal Audit	Existence of frequent deficiencies in the many fields including income and expenditure due to an internal audit not conducted based on risks of the Institute.
(b) Stock Control	A computer software system had not been installed being able to confirm the accuracy of the stock balances of divisional and study centers and not maintained the stock registers properly.
(c) Procurement and Contract control	(i) Not following a proper procurement procedure (ii) Delays exists in completion of projects due to improper actions carried out during construction contracts works.
(d) Revenue Management	Not taking legal actions for recovering of the revenue received from breaching of the agreements.
(e) Fixed Assets Management	(i) Inaccurate values appear in the fixed assets due to not assessing the property plant and equipment accurately and not properly performing the acquiring activities of lands in an legal manner. (ii) Actions not taken as per the recommendations appear in the Board of Survey Reports.
(f) Vehicles Control	(i) Non- maintenance of Vehicle log books and Running Charts properly. (ii) Not checking fuel consumption.