

University of Ruhuna – 2017

The audit of financial statements of the University of Ruhuna 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 statement of cash flows for the year then ended and the 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 university Act, No 16 of 1978. My comments and observations, which I consider should be published with the Annual Report of the Centre in terms of Sub Section 108(1) of the university Act appear in this report. A detailed report in accordance with the Sub Section 108 (2) was sent to the Vice Chancellor of the university on 19 July 2018.

1.2 Responsibility of the Management for 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 risk 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 Foundation'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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Section 111 of the university Act, No. 16 of 1978 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraphs 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 University of Ruhuna 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

a) Sri Lanka Public Sector Accounting Standard 02

According to the objective paragraph of the standard, the cash flow statement should be prepared including the source of cash flows, the items on which cash was expended during the reporting period, and the cash balance as at the reporting date. Contrary to this requirement a sum of Rs.45, 657,830 payable to suppliers in future had been shown under the cash outflow of the cash flow statement.

b) Sri Lanka Public Sector Accounting Standard 07

The following non compliances were observed.

- I. Although criteria for recognition of assets had been completed, assets valued at Rs.123,325,853 received by the university from the Higher Education for the Twentieth Century project which was completed on 30 June 2016 had not been taken in to accounts.
- II. According to the paragraph 55 of the standard, the revaluation surplus recognized relating to the assets should be transferred to accumulated surplus or deficits when the assets are derecognized. When derecognizing of 3 motor vehicles valued at Rs.2, 315,000 revalued in the year 2014, actions had not been taken in respect of Rs.2,313,600 which had been transferred to the revaluation surplus in connection with relevant motor vehicles.

2.2.2 Accounting Deficiencies

The following observations are made.

- a) The Project for Specific agreement and research cooperation between the Swedish International Development Corporation Agency had been completed in December 2010. Although the van belonged to the project valued at Rs.6, 300,000 was being used by the University, actions had not been taken to take over the vehicle to the University and take in to accounts even up to the year under review.

- b) Provisions had not been made in the accounts for the year under review and the previous years in connection with payable rate tax and surcharges amounting to Rs.402, 048 relating to the properties owned by the University.
- c) Although the income received in advance relating to coming years amounting to Rs. 53,084,777 included in the external finance course income of Rs.84,399,021 received in the year 2017 should be accounted as differed income, only a sum of Rs.31,965,422 had been taken in to accounts. Therefore the balance of said account had been understated by Rs.21, 119,355 and the deficiency of the year under review had been understated by the same amount.
- d) A sum of Rs.107, 658,030 incurred from university funds during the year under review had been shown as a debit balance of the capital grant unspent account instead of being accounted as relevant assets.
- e) According to the invoice relating to the purchasing made on 16 August 2017, the value of the automotive test bench was Rs.3, 750,000. However it had been accounted as Rs.4, 162,500 thus payables to suppliers and current assets had been overstated by Rs.412, 500.

2.2.3 Unexplained differences

A difference of Rs.1,086,681 had been observed between the balances shown in the financial statements and the detailed schedules relating to 2 account items.

2.2.4 Lack of evidence for audit

Confirmations had not been furnished relating to 3 bank current account balances totaled Rs. 11,188,851 as at 31 December of the year under review.

2.2 Transactions not Confirmed by an Adequate Authority

According to the budget proposal for the year 2016, a sum of Rs. 150 million had been granted by the University Grants Commission under the Programme for Strengthen Engineering Faculties. However those sum had been exceeded by Rs.33 million for purchasing capital assets by the engineering faculty without obtaining approval of the University Grants Commission.

2.3 Receivable and payable Accounts

According to the financial statements for the year 2017 sum of Rs. 20,932,217 should be recovered for a period from 01 to 15 years from 18 lecturers who violated agreements and bonds entered in to with the University.

2.4 Non - compliance with Laws, Rules and Regulations and Management decisions.

The following non- compliances were observed.

Reference to laws, Rules and Regulations etc.

Non – compliance

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- a) Section 135 of the university Act, No 16 of 1978
- Although by laws should be prepared and approved by the senate consisting with qualifications for recruiting students for post graduate courses conducted by the university, by laws had not been prepared at the commencement of Master of Arts Degree in Economics and Master of Business Administration Degree
- b) Section 116 of the Inland Revenue Act No. 06 of 2006.
- (i) Although the PAYE tax should be deducted and remitted monthly to the Commissioner General of Inland Revenue in the instances which the total monthly remuneration and allowances paid to the staff of the University exceeding Rs.50,000,tax had been over deducted from some officers and under deducted from another officers as Rs.1,236,929 and Rs.419,802 respectively From the period since January to July 2017.
- (ii) Although the residential facilities, vehicle facilities, medical bills, insurance, electricity, telephone and entertainment allowances had been mentioned as permanent employment benefit under the paragraph 2 (ii) of the PAYE tax circular No:01,those allowances had not been considered in calculation of deduction of PAYE tax from officers.
- c) Section 3.1 and 3.2 of Chapter xx of the Establishment Code for the University Grants Commission and Higher Education Institutes
- An attendant register should be maintained by every higher education institute and all employees of the institute should mark the arrival and departure in the attendance register and the finger print machine. However a sum of Rs.1, 356,629,469 had been paid as salaries and allowances for the year under review to 515 officers of the academic staff who were not comply with those requirement.

d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

I. Financial Regulation 381

Although the approval of the Treasury should be obtained to open an official bank account (Department of Public Finance), actions had not been taken in accordance with the referred regulations for the University collection account and Money Market Saving account opened in the year 2017.

II. Financial Regulation 396 (d)

Actions had not been taken in accordance with the referred regulations for 7 cheques valued at Rs. 59,702 which had been issued more than 6 months and had not presented to the bank.

III. Financial Regulation 571

Actions had not been taken in accordance with the regulations relating to the total sum of Rs.23, 540,673 which had been remained in the retention account more than 2 years.

e) Decision of the University Finance Sub Committee No.2015-09

A report had not been obtained from the Internal Auditor and submitted to the Finance Sub Committee in connection with the unsettled books purchasing advance of Rs.540, 446 relating to the library books ordered for the period from 2006 to 2010.

f) Public Finance Circular No. 3/2015 dated 14 July 2015.

Although the advances obtained should be settled immediately after the intended purpose is fulfilled, a total sum of Rs.1, 193,888 paid during the year under review as research advance of Rs.192, 070, miscellaneous advance of Rs.525, 000 and external fund advance of Rs.476, 818 had not been settled even up to 31 May 2018.

g) Treasury Circular No. 842 dated 19 December 1978

A fixed assets register had not been maintained relating to fixed assets amounting to Rs.10, 008,259,338. (Excluding computer hardware and software)

h) Treasury Circular No. IAI/2002/02 dated 28 November 2002

A separate fixed assets register had not been maintained relating to computer hardware and software amounting to Rs.307, 040,172.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the University for the year ended 31 December 2017 had resulted in a deficit of Rs.165, 850,112 and as compared with the deficit of Rs. 76,040,206 in the preceding year, thus indicating a decrease in the financial results by Rs.89, 809,906. Although the government grant for recurrent expenditure was increased by Rs.130, 674,145, the increase of employee's remuneration by Rs.176, 087,719 had mainly effected to the above decrease.

Even though financial deficits had existed in the year 2013 and 2014 in the analysis of the financial results for 04 preceding years and the year under review a financial surplus had existed in the year 2015 and further deficits had existed for the years 2016 and 2017. However, considering the adjustments of employees' remuneration, government taxes and depreciation for non-current assets made to the financial results a continuous increase of contribution had shown from the year 2013 to 2017. Accordingly the contribution of Rs. 2,307,417,826 for the year 2016 had increased by 8 per cent up to Rs.2, 494,042,928 for the year under review.

3.2 Analytical Financial Review

The current ratio of the year under review had deteriorated from 1.48: 1 to 0.81:1 during the year under review compared with the preceding year.

3.3 Legal Cases commenced against to the university or by the University

The following observations are made.

- a) Five cases had been filed by the University against to various parties in district courts in the year under review for recovering a sum of Rs.8, 409,361.
- b) There were 31 cases filed against to the university as 7 cases in the Supreme Court, 9 plaints in the university appeal board, 8 plaints in the labour tribunal, 3 cases in appeal court, 2 cases in high court, 1 case in the district court and the Commissioner of labour compensation. Out of those cases, compensation requested in 1 case was Rs.4, 005,977 and it had not been disclosed in the notes to the financial statements.

4. Operating Review

4.1 Performance

4.1.1 Planning

The following observations are made.

- a) Although various activities had been identified to fulfil objectives, opportunities to be fulfilled them and threats had not been properly evaluated.
- b) Installation of targets which should be achieved timely and responsibility for achieving those targets had not been delegated in a logical base.
- c) Although the action plans for the years 2017 and 2018 had been furnished to audit on 6 November 2017, the following matters had not been included in the said annual action plan as per the Public Finance Circular No.01/2014 dated 17 February 2014.
 - (i) Organization Structure of the institute, details of approved cadre and the actual cadre.
 - (ii) The Budget for the relevant year.
 - (iii) Activities prepared in the priority order based on the annual budget.
 - (iv) Procurement plan.
 - (v) Internal audit plan

4.1.2 Operating and Review

The following observations are made in connection with achievement of objectives of the University.

- a) It had been planned to increase the total number of students recruited from 1,860 to 2,340 up to the year 2018. However the admissions had been made less 339 than the number of students planned for 6 faculties.
- b) Although it had been planned to increase the employment rate of the entire graduates up to 85 per cent (except graduates in medicine) within 6 months of the graduation up to the year 2017, the employment rate of entire graduates (except graduates in Engineering) was less than 85 per cent. Meanwhile the employment rate of the graduates in arts was in a very low level as 37 per cent.
- c) Although it had been planned to bring the university into first 2000 of the Times higher Educational and QS Ranking List, that objective could not be achieved. According to the webometrics the University of Ruhuna had come to the fifth place of the Local Ranking List in the year 2017

- d) (i) Although it had been planned to increase the number of post graduate student of the faculty of agriculture by 5 per cent annually, 6 degree courses out of the 7 introduced by the faculty had not been implemented as at the end of the year under review. Further students had not been recruited after the year 2015 for the course for MSC in Corp Production Technology which was implemented out of the above mentioned courses.
- (ii) Although the faculty of agriculture had introduced 4 certificate courses which was administrated by the Distance and Continuous Learning Unit, actions had not been taken to commence the 4 courses even up to the end of the year 2017.
- e) (i) Although it had been planned to recruit extra 25 students to the Department of Mechanical and Production Engineering, recruitments had not been done.
- (ii) Although 3 lecturers of the academic staff of the Faculty of Engineering had planned to complete the PHD, 2 lecturers had not achieved the target.
- f) Although the number of students which can be recruited for 11 degree courses was 1,090, the actual number of students recruited for those courses was 1009. Accordingly the opportunity of 81 students who had qualified to admit to the university had been lost.
- g) Thirty six students of the Faculty of Management and Finance were failed in the previous year and it had been increased up to 122 in the year under review. It was 35 per cent of the total number of students appeared to the exam.
- h) Fifty four students of the Faculty of Humanities and Social Sciences were failed the degree in the previous year and it had been increased up to 97 in the year under review. It was 18 per cent of the total number of students appeared to the exam.
- i) Twenty two students who sat for the examination for the degree in medicine were failed or referred and it was 30 per cent of the total number of students appeared to the exam.

4.2 Management Activities

The following observations are made.

- a) Although a list of the assets used under the project for Specific Agreement and Research cooperation between the Swedish International Development Cooperation Agency closed on 31 December 2010 should be prepared and properly handed over to the Dean of the Faculty of Fisheries and Marine Sciences, actions had not been accordingly even up to the end of the year under review and follow up actions also had not been done in this regard.

- b) Rate tax had been paid for 11 properties owned by the university in favour of the names of propositus even up to the year under review. Actions had not been taken to transfer the name to the university and amend the rate bills accordingly.
- c) There were only 6 computers in operation condition for use of the students in the computer unit which had been consisted with 2 computer labs even though all students of 830 of the faculty of agriculture are studying the computer and information technology as a subject. 19 computers were in out of order.
- d) A sum of Rs. 2,512.8 million had been estimated as the total cost of the project for University Villages Programme and a provision of Rs. 50 million had been made in the budget for the year 2017. However this project had not been implemented and a decision had been taken in the 370th meeting of the Board of Council dated 10 July 2017 to allocate a sum of Rs. 40 million out of the provision for purchasing capital assets to faculties and administration sections, the purposes which was not comply with the objectives of the programme.
- e) A sum of Rs. 400,000 had been paid from the vice chancellor's fund for 4 students who had submitted research papers to a seminar held in the international Economic Development Center Hongkong as Rs.100, 000 per one in order to participate to the same seminar. The university had not provide a proper guidance and instructions to the students thus it could not be able to obtained visa. As a result, the valuable opportunity to participate to the seminar was missed to those students. Accordingly a sum of Rs.200,000 had been recovered as Rs.50,000 per student and the remaining Rs. 200,000 paid by the university had become an uneconomic transaction
- f) Replies for 4 audit queries included observations amounting to Rs.275, 166,473 as at 02 August 2018 had not been furnished.
- g) Actions had not been taken to recover the course fees of Rs.3,003,300 which should be recovered from 37 Business Administration postgraduate students as at 31 December of the year under review and degree certificates had been issued for 15 out of them.
- h) The unsettled opening balances of the year 2017 which had been brought forward over a number of years relating to bursary and Mahapola accounts were Rs.12, 264,450 and Rs. 2,087,500 respectively. However actions had not been taken to identify and settle those balances.

4.3 Operational Activities

The Nursing Degree of the faculty of Alliance Health had been completed by 145 students as the total of 4 batches which had been started in the year 2008. The accreditation of the Sri Lanka Nurses Council which is essential for their professional acceptance had not been obtained even up to the year 2017.

4.4 Transactions in Contentious Nature

The following observations are made.

- a) According to the Sub sections 24 (d) and 27 (1) of the University Act No. 16 of 1978 the Minister has the power to assign a faculty or faculties to a university contrary to this requirement, the faculty of postgraduate studies belonged to the University of Ruhuna had been assigned by the University Grants Commission. Evidence to confirm whether the Commission has such power had not been furnished to audit.
- b) According to the Sub sections 48 (a) 2 of the University Act No. 16 of 1978 which had been amended by the Section 28 of the University (amended) Act No. 07 of 1985 , the procedures for the structure, powers, duties and functions of a Faculty for postgraduate studies and the appointment or election of the Dean of the Faculty should be determined by the Commission through the specifications. However such specified specification had not been prepared for the Faculty of Postgraduate Studies of the University of Ruhuna even up to 31 May 2018.
- c) The following observations are made in connection with the Degree of Master of Business
 - (i) Although a common by law had been prepared in the Faculty of Postgraduate Studies for recruiting applicants for the Degree of Master of Business, approval of the Board of Council had not been obtained even up to the end of the year under review. According to the Sub sections 45 (2) of the University Act No. 16 of 1978, the authority for preparing the By Law had been delegated to the Board of Council. Therefore acceptance of the Common by law prepared by the faculty of which ascended faculty for the Degree of Master of Business Administration as a complete by law was a controversial matter.
 - (ii) Although the Senate has the power of recommendation of qualifications to the Board of Council for recruiting applicants to courses of studies as per the Sub sections 46 (6) (VIII) of the University Act No. 16 of 1978, contrary to this qualifications for the admission of the Degree of Master of Business Administration had been determined in the 36th meeting of the Board of Studies of the Faculty of Management and Finance held on 5 April 2017.
 - (iii) Under the No.3 of the qualifications determined, the Board of Study had decided that considering highly completion of examinations of the Institute of Accounting Technology of Sri Lanka as equal as the membership of the Sri Lanka Institute of Chartered Accountants and it was a qualification to apply for the Degree of Master of Business Administration .However it was observed in audit that said decision was not in a logical base.

- (iv) A total sum of Rs.484, 500 had been paid by the Faculty of Engineering for 57 turns as Rs. 8,500 per one for gully bouser service obtained from a private institution. According to the register of arrivals and departures of vehicles maintained by the security section, time spent to transport in 25 kilometers and loading and downloading waste was 38 minutes which is not acceptable. Accordingly, accuracy of the payment had not been got confirmed before making payment thus said payment was a controversial matter.

4.5 Idle and Underutilized Assets

The following observations are made.

- a) Twenty computers of the Dell brand had been provided to the computer lab of the center for pharmacist Degree courses belongs to the Faculty of medicine on 31 May 2011. Seven computers out of the above 20 had been remained out of order in the computer lab and another 6 computers had been sent to the Faculty of medicine for repairing on 23 February 2017. However those computers had not been returned even up to 11 October 2017 the date of audit.
- b) Although 7 laptops valued at Rs. 495,600 had been provided for the Nursing Degree Course of the Faculty of Medicine on 31 December 2016, out of those 05 computers had not been taken into use installing software even up to 30 June 2018 the date of audit.

4.6 Staff Administration

The following observations are made.

- a) Academic Staff

- (i) Four approved posts of professors of the Faculty of Engineering was vacant since the commencement up to now.
- (ii) There were 188 vacancies in the posts of lecturers for the 9 faculties of the University. Out of that, the number of vacancies of the faculties of medicine, engineering and sciences were in high rates as 42, 25 and 33 respectively. Actions had not been taken to fill those vacancies even up to 31 May 2018.

- b) Non- Academic Staff

The following observations are made.

- (i) Applications had been called for the post of Bursar vacant since 4 November 2010 in 10 instances. Three qualified applicants had not been appeared to the interview due to delays of 6 months to 8 months for calling for the interview. Hence the vacancy could not be filed as at the end of the year under review.

- (ii) Two posts of work engineer were vacant from the year 2010 and applications had been called in 7 instances. However necessary recruitments had not been done even up to 31 May 2018.
- (iii) There were vacancies of 10 staff grade posts, 45 non- staff grade posts and 63 posts of minor staff of the non-academic staff. However actions had not been taken to fill those vacancies.
- (iv) The number of staff of the clerical and parallel services served only 3 sections was 278 and 20 out of them had been served in a same division over a period of 5 years to 20 years.
- (v) The number of staff of the internal security division of the university was 124 and the actual number was 94. Accordingly the number of vacancies was 30. Service of 65 private securities had been obtained since January 2017 more than twice of vacancies without recruiting for those vacancies. Although a sum of Rs. 14,322,710 had been paid for the private security service only from January to July 2017, over time payment amounting to Rs.7, 484,926 had been paid for the security officers of the university for the same period. Accordingly it was observed that the university had not acted in an economically effective way for obtaining security service.

5. Sustainable Development

5.1 Achievement of Sustainable Development Goals

All Statutory Institutions should be functioned in accordance with the 2030 Agenda for Sustainable Development adopted by the United Nations and the University of Ruhuna had not aware as to how to act with respect of activities under their purview for the year under review.

- a) Actions had not been taken to identify the objectives which should get reached in accordance with the scope of the university through the awareness of the 2030 Agenda as mentioned above. Hence actions had not been taken to identify the targets connected with objectives, data base, landmarks which targets to be reached and indicators to measure the progress.
- b) It was observed that the process of planning and pre-preparation for reaching targeted objectives was in a very slow and feeble condition due to actions not being taken to coordinate with other institutions properly when preparing for reaching sustainable development goals.

6. Accountability and Good governance

6.1 Presentation of Financial Statements

Although the financial statements for the year under review had been presented to the Auditor General on 28 February 2018, according to the Auditor General letter No. AGSec/Gen/2017/142 dated 29 December 2017, the necessary schedules and subsidiary records had not been furnished along with the financial statements on the same day. Accordingly the financial statements along with the schedules had been submitted properly to audit on 11 April 2018.

6.2 Internal Audit

An internal audit unit had been established with a staff consists with 7 officers. The following observations are made in this regard.

- a) As per the Financial Regulation 133 (2) of the Democratic Socialist Republic of Sri Lanka, a sufficient audit had not been carried out as to be covered the duties and scope of the internal audit units.
- b) As per the Financial Regulation 134 (3), internal audit reports relating to the financial activities of the university should be submitted to audit. However actions had not been accordingly.

6.3 Procurement and Contract Activities

6.3.1 Procurement

The following observations are made.

- a) Although procurements valued at Rs.96 million and Rs.22 million had been included in the procurement plan for purchasing of the Faculty of Agriculture and the Faculty of Medicine respectively, provisions had been made only Rs. 8 million and Rs. 12 million. However the actual cost was Rs.7 million and Rs.11 million only.
- b) High priced wooden tables and benches had been purchased for the canteen No. 01 of the Faculty of Engineering incurring a sum of Rs.2,375,923 without deciding the type suitable commonly for a canteen and fiber tables and chairs with values lower than the above had been purchased for the canteen No. 2. Further at the event of the above purchasing, 10 tables valued at Rs.95,200 purchased in the year 2013 for the canteen No.01 had to be removed even though they are in good condition.

- c) According to the procurement plan of the Faculty of Agriculture for the year 2017, it had been planned to purchase 60 desktop computers, 60 laptop computers, 01 scanner and 10 UPS. However anything had not been purchased during the year under review.

6.3.2 Deficiencies of Contract Administration

Although the new library building of the Faculty of Engineering constructed incurring a sum of Rs. 94 million had been handed over to the University on 22 April 2015, slit and cracks on the walls, concrete beams and columns were observed in 170 places and water leakages were observed in 3 places on the walls of the first and second floors. Further the trip switch was not operated due to the electrical circuit had not been prepared properly. As a result, out of 3 network switches fixed, 2 switches valued at Rs. 624,094 was destroyed completely and a part of the other switch was out of order.

6.4 Budgetary Control

Considerable variances ranging from 25 per cent to 559 per cent were observed between 64 items of budgeted and actual expenditure for the year under review thus indicating that the budget had not been used as an effective instrument of management control.

6.5 Unresolved Audit Paragraphs

Although it had been pointed out by previous Auditor General's reports, attention of the university had not been paid for the following audit paragraphs even up to the end of the year under review.

- a) Financial assistance amounting to Rs.1,740,622 had been provided to a temporary lecturer and to a permanent lecturer in order to complete higher education qualifications without signing any bond under the project for Agreement on Research Co-operation between the Swedish International Development Co-operation Agency which had been implemented from the year 2006 to the year 2010 by the Faculty of Fisheries Aquatic Recourse and Technology. However it was observed that any benefit had not been obtained by the University for the Expenditure incurred because said lecturers had not been reported for the duty after completing their higher education qualifications even up to 31 December 2017.
- b)
- (i) An advance of Rs.751, 463 had been paid for purchasing of science equipment from a German Institution for the Department of food and technology of the Faculty of Agriculture before 4 years. However those equipment had not been received to the University even up to March 2014 and equipment had been imported from India incurring a sum of Rs.329, 179 without having any follow up action.

- (ii) Although period of 2 years had been lapsed for receiving those equipment even up to the end of the year under review, the equipment could not be used due to receiving equipment which was not ordered and various deficiencies.
 - (iii) Equipment mentioned in the paragraph (a) (i) above, had got released from the stores at Orugodawatta owned by the Sri Lanka Customs on 4 May 2016. A total sum of Rs.119, 450 including store fees of Rs. 88,700 for remaining equipment for 887 days from 25 November 2013 to 29 April 2016 and airport charges of Rs.30, 750 had to be paid. Although the loss to the government had been occurred due to delays and negligence of the officers, actions had not been taken in accordance with the Financial Regulations 156 (1).
- c) A balance of Rs. 1,764,410 had been remained in the Fund of the Faculty of Medicine relating to the World Health Organization project as at 31 December 2017. According to the replies furnished to audit on 09 September 2015 and 17 January 2017, it had been informed that the balance of the above fund account was hope to be used to buy a new bus to the faculty. However it had not been implemented even up to 31 May 2018.

6.6 Fulfilment of Social Responsibility

The following observations are made.

- a) Although there were opportunity to be carried out programmes coordinating with government institutions to minimize the direct and indirect affect occurred to the health environment and society by using plastics and polythene, the University had not paid adequate attention in this regard.
- b) Attention had not been paid to be implemented the environment friendly programmes which are mentioned details below
 - i. To prohibit bringing polythene and food covers less than 20 microns which was already prohibited into the University.
 - ii. To control bringing polythene and other things more than 20 microns.
 - iii. To encourage students and the staff for using environment friendly methods for bringing meals into the University instead of plastics and polythene bags.

7. Systems and Controls

Deficiencies in 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 Systems and Controls	Observations
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(a) Control of Fixed Assets	Good Received Notes not being issued for receiving goods.
(b) Accounting	Uniform accounting policy not being adopted, Sri Lanka Public Sector Accounting Standards not being followed accurately, Provisions not being made for payable expenditure, Revenue not being accounted accurately, unspent grants not being disclosed accurately in the accounts and Cash flows not being recognized accurately.
(c) Financing and Banking	Receivables not being settled without delays, Treasury approval not being obtained to open official bank accounts, The cash book balance relating to bank current accounts was being over drafts and actions not being taken for overdue cheques as per the Financial Regulations.
(d) Advances	Advances not being settled
(e) Staff Administration	Vacancies not being filled, Approval of the Department of Management Services not being obtained for vacant posts.
(f) Budgetary Control	Budgets being prepared without specific predictions, Actions not being taken to amend the budget as per the follow-up actions in order to achieve targets.
(g) Contract Administration	Quality assurance of the building constructions not being certified.