

# **Report of the Auditor General on the affairs of the University of Jaffna including the Financial Statements for the year ended 31 December 2018 in terms of 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka**

---

## **1.1 Qualified Opinion**

The audit of the financial statements of the University of Jaffna (“University”) for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of University as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

## **1.2 Basis for Qualified Opinion**

My opinion is qualified on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the University is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the University.

### **1.4 Audit Scope**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the University, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the University has complied with applicable written law, or other general or special directions issued by the governing body of the University
- Whether the University has performed according to its powers, functions and duties; and
- Whether the resources of the University had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## 1.5 Financial Statements

### 1.5.1 Accounting Deficiencies

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
(a) Changes in non-current liabilities amounting to Rs. 582,273 had been accounted for as cash flows from operating activities in the cash flow statement for the year under review. Accordingly, cash flows from operating activities had been understated by similar amount.	The amount of Rs. 582,273 was taken in to cash flow from operating activities by an oversight. Comments noted to exercise proper care in preparing the Cash Flow Statement.	Should comply with the SLPSAS
(b) Rehabilitation of vehicles, equipment and others amounting to Rs. 25,027,908 had been accounted for as buildings under non-current assets, and as a result, the amount of buildings had been overstated by similar amount.	Although separate ledger accounts have been maintained for rehabilitation of vehicles, equipment and other which are work in progress, when disclosing these in the Financial Statement it has been shown under buildings. Corrective action has been taken to show rehabilitation works under separate assets category in future.	Building value should be shown separately.

## 1.5.2 Documentary Evidences not made available for Audit

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
According to the information made available to audit, annual board of survey on library books, valued at Rs. 53,184,556, had not been carried out by the management of the University for more than 30 years.	Action has been taken to complete the board of survey. The team members have verified each book and mark the identification of verification. More than 250,000 books and periodical are available in several locations.	Board of survey should be conducted regularly.

## 1.6 Accounts Receivable and Payable

### 1.6.1 Receivables

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
Distress loan balances amounting to Rs. 859,291 outstanding for more than 5 years recoverable from retired staffs had been shown under accounts receivables in the financial statements without being taken proper actions to recover those dues.	Certain loans exceeded more than 5 years due to no pay leave, vacation of post, termination of service, retirement from the service etc. However, we have a clear control and procedure to recover it from the employee UPF when releasing the UPF fund.	Proper action to be taken to recover outstanding amounts.

### 1.6.2 Payables

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
(a) Three (3) Refundable deposits received from students aggregating amount of Rs. 166,500 had been remained in general deposit account without being taken proper actions to	We have taken a clear mechanism to return the refundable deposit to the respective students immediately. If relevant student did not claim the refundable deposit within 5 years	Appropriate action to be taken to rectify the issue.

settle them for more than seven (7) years.

from the course completed period, we have taken action to transfer it to the university development fund.

(b) Due to non-payment of the acting salary amounted to Rs. 470,650, including an interest of Rs. 344,560 for delays in payment for 18 years, had to be paid to a former Assistant Registrar at the time of his retirement in 1998 by the University in response to a Court order.

This was a case filed in District court in 1998 by a former Assistant Registrar against the university for his acting salary. The Judgment for the case has given only in 2017 and, based on the judgment and approval of the council the settlement was made for the former Assistant Registrar in 2018.

Management should take proper actions to prevent this type of issues in future.

### 1.6.3 Advances

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
An advance amounting to Rs. 100,000 paid to an officer of the University, out of the funds received from a United Nation Development Project, had not been settled and remained under advances in the financial statements over 5 years. Further, Advances aggregating Rs. 476,135 paid during the year under review to the officers such as sundry advance, supply advance, travelling advance and petty cash imprest, had not been settled up to 30 June 2019.	Action is taken to settle the advance without any delay. If the particular staff fails to settle the advance recovery process from the salary will be made immediately.	Advance should be settled immediately after the completion of the purpose it is granted.

## 1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
-----	-----	-----	-----
<p><b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b></p>			
<p>(i) Financial Regulation 267</p>	<p>In 9,432 instances salaries had been paid to the employees of the University without being obtained receipts from them.</p>	<p>This matter had been deliberated at length looking for alternative options. We have now taken action to send salary slips to all departments and get the signature monthly without any delay.</p>	<p>Should comply with financial regulations.</p>
<p>(ii) Financial Regulation 272(3)</p>	<p>Even though the paid vouchers should be forwarded to audit monthly, not later than six weeks from the end of the month to which they relate, such vouchers had not been forwarded to audit accordingly.</p>	<p>Soon after the payment has been made vouchers are forwarded to audit whenever request made by the auditor in the past. We have taken action to submit the vouchers on a monthly basis in the future.</p>	<p>Should comply with financial Regulations.</p>

(iii) Financial Regulation 371(5)	182 out of 198 advance payments made to employees had not been settled on due dates and the period of delays in settlement had been in the range from 3 to 10 months.	We have taken strict action to settle advances soon after the event is completed. Close monitoring mechanism has been implemented to monitor unsettled advances and action has been taken to recover them from respective persons when there is any default.	Sub-imprest should be settled immediately after the completion of the purpose it is granted.
-----------------------------------	---	--	--

**(b) Public Enterprises Circulars**

(i) Section 6.5.3 of PED/12 of 02 June 2003	Annual Report for the year 2017 had not been tabled in Parliament even up to 20 June 2019	The annual report and Accounts of the University for the year 2017 have already been submitted to the Ministry of Higher Education on 28 <sup>th</sup> June 2019.	Should comply with the Circular instructions.
(ii) No. PED/31 of 01 July 2005	Even though at least one meeting should be conducted in every quarter, audit committee meetings had not been conducted in the fourth quarter in the year under review.	We have had 5 Audit Committee meetings during the year 2018. Due to the delay in the appointment of Assistant Internal Auditor we were unable to conduct the Audit Committee meeting during the last Quarter of 2018.	Should comply with the Circular instructions



**(c) University  
Grants  
Commission  
Circulars**

- |  |  |  |   |
|--|--|--|---|
| (i) Establishments<br>Circular No.<br>04/2013 of 10<br>April 2013  | The annual board of survey of the University for the year under review had been delayed for more than 6 months.  | Annual board of survey has taken more than six months due to the following reasons.<br>Academic activities are ongoing. All island Trade union action of Nonacademic staff in year 2018. Action has been taken to ensure the Board of Survey will be conducted on time in future.  | Should comply with the Circulars of the Commission. |
| (ii) Establishments<br>Circular No.<br>10/2017 of 10<br>July 2017. | Salaries amounting to Rs. 1,403.8 million had been paid to academic staff of the University during the year under review without being confirmed their arrival and departure through finger scanner. | Academic staffs in the Sri Lankan University system do not generally sign in the Attendance Register. However, this matter was brought to the notice at its 372 <sup>th</sup> meeting of the Council dated 29.09.2012 and it was pointed out at the meeting that nowhere in the world academic staffs are expected to sign in the attendance register. Deans of Faculties endorsed this view. Also heads of the academic departments are confirming their presence and it was always monitored by respective heads of the department. This was also elevated at the previous COPE meeting. | Should comply with Commission Circular              |

(iii) Establishments Circular No. 10/2017 of 10 July 2017	A sum of Rs. 5,480,177 had been paid as overtime to the employees, without being confirmed their working hours through the finger print attendance.	Earlier the overtime has been paid based on manual attendance due to non-availability of finger system for all employees. Currently corrective action already been taken to pay the overtime as per the circular.	Overtime hours should be confirmed through finger print attendance
--	---	---	--

## 2. Financial Review

### 2.1 Financial Result

The operating result of the year under review was a deficit of Rs. 717,788,058 and the corresponding deficit in the preceding year was amounted to Rs. 443,649,262. Therefore, it was observed deterioration in financial results by a sum of Rs. 274,138,796. The reasons for the deterioration were increase in personal emoluments, supplies and consumables used, maintenance cost and contractual services.

## 3. Operational Review

### 3.1 Uneconomic Transactions

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
Even though the total vacancies in Security Guard Officers had been filled on 05 April 2017 with the intention of reducing the overtime payments, overtime paid for security guard officers in the year under review had increased by Rs. 2,500,174 or 24 per cent when compared with the preceding year.	Currently universities are having only 53 security staffs and this carder capacity is not enough catering the entire university. Therefore, it is being important for the university security staffs to work over time. Security service is unavoidable and it has to be delivered without any break, resulting in increasing the over time payment. However, management has already taken action to increase the carder requirement.	Cadre position of the University is to be increased according to the requirement.

### 3.2 Identified Losses

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
Even though a decision had been made by the Council to recover the loss of computers and multimedia amounted to Rs. 289,600 from the responsible parties, the management of the University had not taken proper actions to recover the loss.	Council decided to recover the loss of computers worth of Rs. 190,900 from the Head of Department. As he has not agreed with this Council decision, the matter has been referred to the Committee for Legal Affairs by the Council. The necessary action will be taken by the Legal Affairs Committee direction is awaited.  Council decided to recover the value of lost multimedia and Management already sent the consent letter regarding this to the responsible person. As soon as the consent letter is received action will be taken to recover the amount from the respective staff immediately.	Proper actions should be taken to recover the loss.

### 3.3 Management Inefficiencies

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
(a) Ninety-one (91) academic and non-academic staff of the University who had gone abroad on scholarship programmes had not reported for duty or left from the University after completion of the scholarships. However, the University had not taken action to recover the bond aggregating Rs. 68 million during the period from 1987 to 2019 from the officers who had breached agreements.	On the direction of the Council various measures have been introduced to improve the bond obligation through the Committee on obligations of Bond and Agreements. As a result, the number defaulters and amount outstanding has been reduced to a great extent in the past. Currently only 91 numbers of obligators have to settle the total outstanding amount of bond obligation amounting to Rs. 68 million. The meeting of the Committee on obligations of Bond and Agreements had been continuously reviewing them and a policy paper in this regard had been prepared codifying all the procedures to scrutinize the legal requirements to minimize the obligation in future.	Appropriate actions to rectify the issue need to be taken by the management of the University.
(b) Periodicals worth USD 9,328, which had incurred in the previous years, had not been received to the University even up to 31 May 2019.	Control mechanism has been already accelerated to control subsequent journal payments. Action already taken to deduct the journal value from the subsequent journal payment if the supplier fails to supply the periodicals within the two years' period.	Actions should be taken to obtain periodicals in time

- |  |   |  |
|--|---|--|
| <p>(c) According to the world ranking of Universities, published by an internationally reputed institution, the University was ranked at 8<sup>th</sup> and 4,384<sup>th</sup> places among the Sri Lankan Universities and International Universities respectively in the year under review. Even though the international rank had improved from the place of 4,560, the island rank had dropped from the place of 7 when compared to the previous year.</p> | <p>As maintained the University of Jaffna was at the rank 7 in the year 2017 however it stepped down to rank 8 in the year 2018 and again holding the position of 7 in year 2019. The drop of the Ranking in the year 2018 is mainly due to incomplete uploading or updating the e-repository of the University, which is used in the Webometrics to rank the University.</p> | <p>Actions need to be taken to improve the ranking of the University.</p>                            |
| <p>(d) The medium of the course followed by the students had not been mentioned in confirmation letters issued with degree certificates by the University. Therefore, it was observed in several instances that such confirmation letters had been returned by respective institutions due to lack of basic information in those letters.</p>  | <p>Action would be taken to include the provision of medium of instructions in the Degree statement with the approval of the Senate. However, at present, the medium of the instructions is indicated in the Academic Transcript which is issued to the Graduates at the end of the course.</p>   | <p>Medium of the course is required to be mentioned in the degree statement.</p>                     |
| <p>(e) A sum of Rs. 43,577,638 had been paid by the University to researchers in the year under review and previous three years. Even though the projected period of the above researches had been run out and, also approximately more than 50 per cent of the research cost had already been paid, the progress of them and final reports of those researches had not</p>  | <p>Final report of the researches for the year 2017 and 2018 are being submitted now.</p>   | <p>Researchers are required to submit their final reports within the stipulated research period.</p> |

been submitted to the University by researchers up to the end the year under review.

- |  |  |  |
|--|--|--|
| (f) Necessary actions to implement the recommendations of the Board of Survey for the year 2017 had not been taken by the management. Further the committee of Board of Survey had not verified 403 inventory items in 2018. | All support staff (MA) are requested to balance the inventory register, keep and maintain other relevant document for assets moving. Remove the auctioned items which were approved by the council before the next Board survey. | Should comply with Commission Circular |
|--|--|--|

### 3.4 Operational Inefficiencies

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a) According to the University Grants Commission (UGC) Circular No. 636 of 14 July 1995, examination results should be released within three months after the examination. However, the examination dates of various courses conducted under each faculty of the University and target dates of releasing results of the examinations had not been pre-determined. It was further observed that there were considerable period of delays in releasing of examinations results, i.e. ranging from 02 to 11 months by several faculties of the University during the year 2018.	Most of the Exam results have been released based on the recommendation of Pre result Board, and the final result will be released along with second semester/yearly basis. Action has been taken to reduce the delays in releasing the exam results by sending reminders to the Deans of the Faculties and submitting the monthly reports on “the status of releasing the results” to the Senate.	Examination results should be released within three months as per the circular instruction.

- |  |  |  |
|--|--|--|
| <p>(b) Out of 12,660 hours allocated for theoretical and practical lectures, 2,380 hours had not been utilized by the academic lecturers of Departments of Tamil, Fine Arts, Sociology, Human Resource Management, Accounting, Financial Management and Commerce in the year under review.</p> | <p>It was ensured that unused hours did not affect the university student's education and standards of the course.</p> | <p>Academic lecturers are required to conduct academic lectures as per schedule.</p> |
|--|--|--|

### 3.5 Under -utilization of Funds

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
<p>Outstanding balances of four items amounted to Rs. 1,990,474 had been shown under the non-current liabilities as restricted fund and specific reserve in the financial statements for more than 8 years without being taken proper actions to utilize them for intended purposes.</p>	<p>The University of Jaffna is receiving funds for various purposes from different well-wishers. When we receive the amounts those were credited to the respective ledger accounts and such funds are kept in Fixed Deposits on short term investment basis. The interest earned from the respective investment is taken into account and utilized for the particular purposes indicated by the donors when such event occurs. This fund of Rs. 1,990,474 was still not used for any specific purpose since the donor did not instruct any special tasks. As soon as we receive the instruction form the donor we will take action to use.</p>	<p>Utilization of funds for intended purposes without any delay.</p>

### 3.6 Idle or underutilized Property, Plant and Equipment

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
(a) A stock of construction materials valued at Rs. 574,264 had been handed over to the University in 2015 by the contractor when termination of the contract of Management Faculty Block - A (stage 1) and, at the time when re-awarding the same contract to a new contractor in 2017, the said construction materials had been lost.	The main reason for the deviation was calculation error while taking measurement of material. Certain material were taken in to the counting where the measurement is incorrect. Action has been taken to correct the measurement report and it will get corrected as soon as possible.	Actions need to be taken to ensure the accuracy of measurements and calculations.
(b) Kaithady Siddha Medicine Unit had been established in a 3 storied building which had been constructed at a cost of Rs. 88.3 million. In that construction cost, a sum of Rs. 4,282,910 had been paid to the construction company as interest and interest on interest due to delays in settlement of bills. According to the audit inspection conducted in February 2019, it was observed that, out of 3 laboratories and 3 rooms available in that building, only 2 laboratories had been utilized for the intended purposes.	In the completed 3 storied building, we have 3 laboratories, 2 lecture halls, and 3 rooms with lobby.  Two lecture halls and three laboratories are being used from January 2017. The other rooms are being used from 2019 for administration office, Coordinator's Office and office of the maintenance unit and Health Centre.	Action to be taken for optimum utilization of the building for intended purposes.



- |   |   |  |
|---|---|--|
| <p>(c) A building, constructed at a cost of Rs. 192.36 million and handed over to the Faculty of Management Studies and Commerce, had not been utilized for any economic activity for more than 3 years.</p>  | <p>Even though building work of block C completed, other buildings (A, B, D &amp; E) were not completed and it took long time to complete due to contract was stopped and re-advertised. Meanwhile, the building block C was utilized for other lecture activities of Faculty of Arts. Now block “C” and Block “D &amp; E” have been completed and taken over by the University. The block “A” has not been completed so far. The Faculty of Management Studies and Commerce will be shifted to the new location once the associated works are completed by 15.10.2019.</p> | <p>The building should be utilized for the intended purpose.</p>   |
| <p>(d) Idle, unusable and slow-moving items amounting to Rs. 162,431, Rs. 362,695 and Rs. 175,188 respectively had been remained idle in stores of the University for a period ranging from 04 to 20 years without being used for any purposes.</p> | <p>We have taken action to reduce the idle, unusable and slow moving item and now the remained value of item has been reduced compared to previous years. Also action had been already taken before placing the order consideration of the stock availability in the stores.</p> <p>In addition to that we have requested to form a committee to identify unusable and non-movable item in the stores and report it to Competent Authority.</p>   | <p>Available items which are in usable conditions should be utilized maximum before new procurement.</p> |

### 3.7 Delays in Projects or Capital Work

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
A sum of Rs. 202 million had been paid for designing and constructing of the Sports and Recreation Complex at the Physical Education Unit of University, and it had planned to complete the construction works on or before 31 October 2017. However, that construction works had not been completed up to the date of this report.	<p>Due to the scarcity of construction materials in Jaffna district project delayed and extension given up to 28.02.2019 including the following reasons;</p> <ul style="list-style-type: none"> <li>- Shortage of Gravel &amp; River sand</li> <li>- Changes in original design and inclusion of extra work.</li> <li>- Delay in releasing interim payments.</li> <li>- Adverse climatic conditions.</li> <li>- Unexpected delays in imported supplies and Labor deficiency.</li> </ul>	Construction works Should be completed in time.

### 3.8 Procurement Management

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
(a) The University had not published the description of items/ works for which bids were invited, total number of bids received, name of the successful bidder and, amount at which the contract was awarded promptly in its website or any other appropriate media as per the Procurement Guideline 8.10.1, with regard to the contracts amounting to Rs. 102,255,525 awarded in the year under review.	The University has not published the details of the contract works awards in the University Website until 20.03.2019, but now action has already taken to publish in the University Website. We will take close monitoring and ensure this will continue in the future without any break.	Should comply with Procurement Guidelines

<p>(b) According to the Section 6.3.3 of Procurement guidelines, two bid opening committee members should present in bid opening. However, one member had not presented in bid opening committee meeting relating to the Construction of Lecture hall complex for the Faculty of Management Studies and Commerce.</p>	<p>On this Bid opening one of the bid opening Committee members was present in the bid opening with the other member and signed all necessary pages of bids documents but failed to sign the bid opening committee minutes. We have taken action to avoid this type of error in future.</p>	<p>Should comply with Procurement Guidelines</p>
---	---	--

### 3.9 Human Resources Management

<u>Audit Issue</u>	<u>Management Comment</u>	<u>Recommendation</u>
<p>The University had not filled 258 vacancies in non-academic staff and 207 vacancies in key academic posts such as professor, associate professor, senior lecturer/lecturer etc. in seven faculties and other academic units in the university. Further, The University had not taken actions to fill 114 Academic and Non-academic staff vacancies in Vavuniya campus.</p>	<p>Most of these Non Academic vacancies are minor grade employees and these are filled based on the list given by the Ministry of Higher Education. Now we have received the new Ministry list and based on that we have planned to fill 210 vacancies within 2 months.</p> <p>The University was unable to fill the 43 positions of Professor Chair except for which are in process as there was no application received with required qualifications. Such situation is prevailed even for the position of Senior Lecturers/Lecturers in some disciplines in all Faculties. In such circumstances the University filled these vacant positions by Temporary Lectures, Temporary Instructors or by Temporary Demonstrators in order to carry out the academic programs without interruption.</p> <p>We have received the Ministry list to fill the Non-academic minor grade staffs and action already had been taken to fill the Non-academic staff in</p>	<p>Vacancies to be filled without delay.</p>

Vavuniya Campus.

Academic staffs, we were unable to find suitable candidates with the expected qualifications and experience. In such circumstances the Vavuniya Campus has filled these vacant positions by Temporary Lectures, Temporary Instructors or by Temporary Demonstrators in order to carry out the academic programs without interruption.

### 3.10 Management of Vehicle fleet

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
As per the FR 803, log books for the vehicles of the University had not been maintained properly.	We have now taken effective action from August 2018 to maintain log books for vehicles properly.	Vehicle fleet should be maintained and monitored properly.

## 4. Accountability and Good Governance

### 4.1 Submission of Financial Statements

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
In terms of Section 6.5.1 of the Public Enterprises Circular No. PED/12 dated 02 June 2003, and the Auditor General's letter No. AG/Gen/Sec./2018/82, the financial statements and the draft annual report should be furnished to the Auditor General within 60 days from the close of the financial year. However, the financial statements of the University	This was beyond the control of the University. There had been a system error in the Fixed Assets register which was introduced in the previous year. The error was unable to be rectified by the system providers for more than 2 months. Due to this the submission of the Financial Statement got delayed. However, we have corrected the error successfully and finished the report end of May 2019 and	Financial statements should be furnished to the Auditor General on time.

for the year ended 2018 had been furnished to audit only on 10 June 2018.

placed it to the Audit committee. We have taken precautions and corrective action to avoid these types of errors in the future and action already had been taken to submit the Financial Statements on time in the future.

## 4.2 Annual Action Plan

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
According to the Strategic and Annual Action Plan prepared for the year 2018 in accordance with the requirements of Public Finance Circular No. 01/2014 dated 17 February 2014, activities of the Career Guidance Unit and Staff Development Centre had not been included.	Now activities of the Career Guidance Unit and Staff Development Center will be included in the Strategic and Annual Action Plan in the future.	All activities of the University to be included in the Strategic and Annual Action plan.

## 4.3 Internal Audit

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
Four (4) out of 15 audit programmes had not been conducted by the internal audit unit during the year under review, such as Donation and Foreign Fund, Staff Loans, Staff Personnel files and Academic programs.	We have been without the Internal Auditor during the last quarter of the year and human resources were not sufficient enough to cover all the chapters in the year of 2018. Only from June 2018 onwards the Audit Assistants were appointed to Internal Audit Division and still Deputy Internal Auditor vacant dispute constant follow up.	Internal Audit Program should be completed according to the action plan.

#### 4.4 Budgetary Control

<b>Audit Issue</b> -----	<b>Management Comment</b> -----	<b>Recommendation</b> -----
Significant variations ranging from 10 to 56 percentages were observed between the budgeted and actual income and expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.	The Administration has taken action to have regular monitoring of variances at the Finance Committee on monthly basis and at Audit Committee on a Quarterly basis. Action has already been taken in this regard and all possible precautions are taken to minimize the variances.	Budget should be used as an effective instrument of management control.