

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Uva Wellassa University for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 material accounting policy 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 provisions of the National Audit Act No. 19 of 2018. 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 the Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the University as at 31 December 2024, and of its financial performance and 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 Sub-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.

1.4 Auditors Responsibility for the Audit of the Financial Statements

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 scepticism 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 University'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 University'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;
- 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 Audit Observations on the preparation of Financial Statements

1.5.1 Non Compliance with the Public Sector Accounting Standards

| Non-compliance with reference to the relevant standard | Management Comments | Recommendation |
|--|---|---|
| Disclosures had not been done in the financial statements regarding 03 pending cases filed for and against the University in accordance with paragraph 100 of Sri Lanka Public Sector Accounting Standards 08. | Since disclosures regarding 03 pending cases have been omitted in the financial statements for the year 2024, relevant action will be taken to disclose the relevant information. | Sri Lanka Public Sector Accounting Standards should be complied with. |

1.5.2 Accounting Policies

| Audit Observation | Management Comments | Recommendation |
|---|---|--|
| Although the balance of Rs.2,365,142 received during the year under review for Strengthen Research under the Quality Improvement Projects which was included in non-current assets was fully amortized during the year itself, the policy relating to this was not disclosed in the financial statements. | The research expenses related to the year included in non-current assets had been fully amortized and action will be taken in the future to disclose the amortization policy in the financial statements. | The depreciation policy should be disclosed in the financial statements. |

1.5.3 Accounting Deficiencies

| | Audit Observation | Management Comments | Recommendation |
|-----|---|---|---|
| (a) | E-Books worth of Rs. 3,701,180 and the Ultrasonic Probe Sonicator machine worth of Rs.855,500 had been procured respectively during the year under review under the Centre of Excellence in Sustainable Tourism (CESTour) project and research projects, but had not been accounted for. | The value of E-Books procured in the year 2024 had not been capitalized as intangible assets as the project being continued. Once the completion certificate for the relevant project is issued, the assets related to that project will be acquired to the University and included in the annual financial statements. | Assets should be capitalized correctly. |
| (b) | The interest income of Rs. 13,484,063 earned by investing in the Sinharaja Project Grant Fund and existing 10 funds of the University during the year under review had not been recognized as income for the year. | Interest on fixed deposits initiated in relation to Sinharaja Project Grants and Special Funds will be credited to the relevant project account and special fund accounts without being accounted for under the various income of the University. The specific expenses related to the Sinharaja project will be borne from the interest income received in accordance with the budget approved by the Finance Committee. | Revenue related to the period should be accurately identified and reported in the financial statements. |
| (c) | The audit fees of Rs. 1,281,480 paid in respect of the previous year had been accounted for as an expense in the year under review. As such, the surplus for the year under review was understated by that amount in the financial statements. Further, provisions had not been made for audit fees related to the year under review. | Although it was an expense related to the year 2023, bills/invoices had not been received to make provision thereon by 15.01.2024, and accordingly, provision had not been made under accrued expenses. | Expenses related to the year should be accurately identified and accounted for. |
| (d) | The amount of Rs. 11,154,355 receivable to the University Fund, which was paid from the University Fund on behalf of the | A sum of Rs.3,279,892 spent on cleaning outside the cafeteria should be deducted and payments for employees | The receivables to the University should be accurately identified and the action should |

| | | | |
|-----|---|--|--|
| | employees working in the cafeteria, had not been accounted for as receivables. | who do cooking activities have been suspended from 20 February 2024. The relevant parties have been informed to refund the payments made up to that point, but the refund had been rejected. | be taken to make relevant adjustments in the financial statements. |
| (e) | A payable amount of Rs. 780,290 and Rs. 932,085 for capital and recurrent expenses respectively as on 31 December of the year under review had not been accounted for. | The final bill value payable for capital works had not been determined precisely until 10.01.2025, As such, relevant provisions had not been made under sundry creditors in relation to the year 2024. | Actions should be taken to accurately account for transactions related to the period. |
| (f) | Although the alternative Water Supply Project which had been completed and handed over to the University on 12 October 2022 valued at Rs. 81,729,192, had been accounted for under Land and Land Improvements, it had not been depreciated annually in accordance with Sri Lanka Public Sector Accounting Standards 07. | The expenditure incurred for the alternative water supply project was capitalized under land and land improvement as it was a cost related to land and land improvement. | Action should be taken to identify asset under correct category and depreciate annually. |
| (g) | The delay charges of Rs.5,078,042 payable to the contractor due to the delay in paying the bills for the alternative water supply project had not been accounted for. | Provision had not been made for the delay charges as the final decision had not been taken regarding the payment of the delay payment fee. | Delay charges should be accurately identified and accounted for. |
| (h) | A number of 129 unidentified deposits totalled Rs.4,167,872 relating to 05 current accounts during the period from January to November of the year under review had not been identified and taken into income. | The deposits which could not be identified were accounted for as other income in the year 2025 and the remaining deposits will be accounted for in the future. | Unrecognized deposits included in bank reconciliation statements should be identified and accounted for. |

1.5.4 Un-reconciled Control Accounts and Records

| Subject | Value as per the Financial Statements | Value as per the Correspondent Record | Difference | Management Comments | Recommendation |
|----------------------------|---------------------------------------|---------------------------------------|------------|---|---|
| Postgraduate course income | Rs.22,544,423 | Rs.22,066,723 | Rs.477,700 | The reasons for the difference were the inclusion of receipts for academic transcripts, recording of lapsed cheques again as income, and interest income received on fixed deposits within the post graduate course income shown in the financial statements. | The balances in the financial statement should be reconciled with the information in the relevant sections. |

1.6 Unauthorized Transactions

| Audit Observation | Management Comments | Recommendation |
|---|--|---|
| Action had been taken by the University to pay house rent allowances to the University staff without obtaining the approval of the University Grants Commission in terms of the Section 6.1 of Chapter VII of the Establishment Code for University Grant Commission and Higher Education Institutions. Accordingly, a total of Rs. 89,140,826 had been paid as house rent allowances from 01 January 2017 to 31 December of the year under review including Rs. 8,759,354 paid for house rent for 126 officers during the year under review. | In accordance with Cabinet Paper No. 2004/ED/HE/45, hostels had been provided initially as per the procurement process to provide accommodation facilities for the students and staff of the University. As such, with the number of employees increased, a decision had been taken by the Governing Council since the year 2017 to reimburse a part of the housing rent paid by officers on the recommendations of the Housing Committee of the University. | The Establishment Code for University Grants Commission and the Higher Education Institutions should be followed. |

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

| Reference to Laws, Rules and Regulations | Non-compliance | Management Comments | Recommendation | |
|--|--|--|--|--|
| (a) Financial | Regulations of the Democratic Socialist Republic of Sri Lanka. | Although 98 computer equipment with a total value of Rs.3,368,398 had been removed from the financial statements of the year 2023, after the Revaluation Committee identified that the items supplied to the departments or sections were not being physically existing, action had not been taken even by 31 December 2024 to initiate investigations for the determination the exact reasons for it and determine the responsible persons. | Out of these 98 computer equipment items, 40 items were UPS items. The relevant departments have been inquiries to confirm whether they were physically existing and further actions will be taken accordingly. | Action should be taken in respect of misplaced computers and devices in accordance with Financial Regulations. |
| (i) Financial Regulation 104 (1) | | | | |
| (ii) Financial Regulation 571 | | Fifty four overdue withheld amounting to Rs. 23,953,831 on payment of various constructions, supplies and services had not been settled as per Financial Regulations. | Reminder letters had been sent to the relevant suppliers again in the year 2024. Actions will be taken to release for the suppliers who will be responded to this and the balance will be credited to the state revenue. | Action should be taken as per the Financial Regulations. |

| | | | | | |
|------|--|--|--|--|--|
| (b) | Establishments Code for the University Grants Commission and Higher Education Institutes | (i) Sections 7.6 and 7.8 of Chapter V | <p>Action had not been taken to recover Rs. 106,248,535 due from 13 lecturers as at 31 December 2024, due to breach of bond agreements, and to inform the authorities that they should be treated as they had vacated the service.</p> | Actions are being taken to recover from the University Provident Fund balances of the relevant officers. | Action should be taken to recover the relevant loan balances in accordance with the Establishments Code. |
| (ii) | Section 7.3(a) of Chapter VII and Section 1.i of Establishment Circular Letter No. 09/2019 dated 25 November 2019. | Instead of charging an amount equivalent to 10 percent of the officer's monthly basic salary when providing official residences owned by the University, the official house rent had been charged based on the by-laws enacted by the University. Accordingly, an amount of Rs.4,587,777 undercharged during the year under review from 69 officials, including the Vice-Chancellor. | Although charges are not made in accordance with University circulars, the rents are being charged with the approval of the Housing Committee and the Governing Council based on the requirement of running the University. | Provisions in the Establishments Code and the Circulars should be followed. | |
| (c) | University Grants Commission Circular No. 15/2015 dated 17 November 2015 | There was a delay of 05 to 07 months in releasing the final examination results of the first semester of the 2023/2024 academic year in the Faculties of Animal Science and Export Agriculture, Applied Sciences, Management and Technical Studies. Although the first, second and third year examinations of the | The University had to get the external lecturers service due to reasons such as insufficient academic staff compared to the increase in students, and permission had not been given to recruit staff instead for the resigned staff. | Action should be taken to release the examination results in accordance with the relevant circular. | |

| | | | |
|-----|---|--|--|
| | | second semester had been held and the delay had exceeded 06 months by 31 March 2025, action had not been taken to release the results. | |
| (d) | Paragraph 4.3 of National Budget Circular No. 01/2024 dated 10 January 2024 | A total of Rs. 19,910,057 had been paid by the University as rent for 18 vehicles taken on monthly rental basis from January to 31 August of the year under review without obtaining Treasury approval. | Requests were made to obtain approval from the General Treasury to procure vehicles for University activities, and the General Treasury has granted permission to use vehicles on a rental basis for that purpose. |
| (e) | Public Administration Circular No. 03/2017 dated 19 April 2017 | A sum of Rs. 1,165,814,127 had been paid as salaries and allowances during the year under review to academic and non-academic staff without verifying their arrivals and departures through fingerprint machines. | Before paying salaries and wages at the end of each month the salary division obtains confirmation from the relevant Heads of Academic Divisions that the academic staff has been employed. |
| (f) | Letter No. SC&PMU/Grant/19 dated 25 July 2019 and letter No. SC&PMU/Grant/20 dated 14 August 2020 of the Director General of the Department of External Resources and letter No. ERD/AE/GEN/16 dated 02 October 2020 of the Ministry of Finance | Six projects had been implemented on foreign grants without having the awareness and consent of the Director General of the Department of External Resources of the General Treasury, and out of that foreign grants of Rs.53,323,221 were received for 03 projects during the year under review. In addition, goods worth of Rs.22,822,930 had directly received by the University through 02 other foreign projects. | Action will be taken to inform the Director General of the Department of External Resources in the future regarding the foreign grants received during the year 2024. |

| | | |
|--|--|---|
| <p>(g) Paragraph 5 of Action had not been taken Circular Letter No. to send a sum of BD/HRD/126/214/1 Rs.25,525,852 recovered 9/2023 dated 18 for the breach of bonds, January 2023 from 10 lecturers in the addressed to the years 2023 and 2024 to the Secretary to the Treasury.</p> <p>Ministry of Education by the Secretary to the Treasury.</p> | <p>Action had been taken according to the University Grants Commission Circular No. 737. Since that circular has not been suspended to date, it is not possible to remit it to the Treasury.</p> | <p>Action should be taken to send the recovered money to the Treasury as per the circular.</p> |
| <p>(h) Department of Management Audit Circular No. DMA/2009(2) dated 01 September 2009</p> | <p>An updated fixed assets register had not been maintained in respect of fixed assets with a carrying value of Rs. 3,684,088,688 as at 31 December of the year under review.</p> | <p>It was decided to complete the revaluation of assets in each category and update the fixed assets software. The printed fixed assets register will be maintained as required by the General Administration Division.</p> |

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a deficit of Rs. 65,566,469 and the surplus in the preceding year as against to that was Rs. 310,420,127. Accordingly, a deterioration amounting to Rs. 375,986,596 of the financial result was observed. The decrease in capital income from non exchange transactions and increase in total expenses in the year under review had mainly contributed to this deterioration.

3. Operational Review

3.1 Uneconomical Transactions

| Audit Observation | Management Comments | Recommendation |
|--|---|--|
| <p>(a) Despite the University had 13 Digital Duplicator machines which are underutilized, idle, and in a condition that can be repaired and used, 07 Digital Duplicator machines of an old model had been procured during the year under review without following the formal procurement process, incurring an uneconomical expenditure of</p> | <p>A committee consist of three Deans was appointed to examine the process of procurement of these machines at the 114th Finance Committee held on 28 March 2024 and to prepare common specifications. Accordingly, the specifications were</p> | <p>A formal investigation should be conducted regarding uneconomical expenses and action should be taken to recover any losses if incurred to the University fund from</p> |

| | | |
|---|--|---|
| Rs.6,979,700. | prepared with the recommendation of the Chairman of the Committee and these machines were procured by following the Shopping Method as prescribed. | the responsible officials. |
| (b) Despite the unused beds and mattresses procured in previous years were piled up in the University hostels, 300 mattresses worth of Rs. 1,647,000 had been procured in January of the year under review, and as at 31 December 2024, a number of 173 mattresses were still lying idle in the stores. | The procurement was made based on the approval obtained on a request letter sent to the Vice-Chancellor on 08.11.2023 by the Deputy Registrar (General Administration) to procure mattresses for providing hostel facilities to students before the 2023/2024 academic year. | The loss to the University Fund should be recovered from the responsible officials. |

3.2 Identified Losses

| Audit Observation | Management Comments | Recommendation |
|--|--|---|
| (a) According to the tender conditions, despite the contractors had agreed to employ the necessary staff to properly maintain the cafeteria service, and pay them legal wages and clean the inside and outside of the cafeteria daily, a sum of Rs. 7,874,463 had been paid as salaries and allowances to 13 employees who had been recruited for cooking duties and Rs. 3,279,892 had been paid to 08 employees belonging to the cleaning service for cleaning inside and outside the cafeteria. Accordingly, the total expenditure of Rs.11,154,355 incurred by the University for the period from the year 2020 to December 2023 and it had become a loss to the University Fund. | Payments to employees employed for cooking in cafeterias had been suspended from 20 February 2024, and the relevant parties were informed to recover the payments made until then, but they have refused to repay it. Therefore, it will be paid submitted to the Finance Committee of the University to take further action in this regard. The payment made for them was correct as the University is responsible for cleaning the outside of the cafeteria. | Action should be taken to identify the officials responsible for the loss caused to the university fund and recover it. |

(b) A sum of Rs.35,729,187 had been spent on 4 lecturers for pursuing doctoral degrees with the aim of staff development under the Accelerating Higher Education Expansion and Development (AHEAD) project but they have vacated the service resulting in the money spent on them becoming an unnecessary expenses.

Since the scholarship value of Rs. 38,236,650 spent on lecturers has been included in their bond value, action will be taken to recover that amount from them.

Action should be taken to promptly recover the **idle** expenses incurred under the project and to achieve the desired objectives.

(c) As per the letter of the Chairman of the University Grants Commission No. UGC/IDD/GEN/01 dated 30 March 2016, a retired Provincial Land Commissioner had been recruited to supervise land acquisition activities from 06 December 2017 and in making payments, a total of Rs. 4,128,333 had been paid as allowances up to 31 December of the year under review, contrary to the Management Services Circular No. 3/2018 dated 18 July 2018. Despite the land acquisition process had been entrusted to the Divisional Secretary, recruitment of an additional officer had been a loss to the University Fund.

A retired Land Commissioner with expertise knowledge was appointed with the approval of the University Governing Council on 11 December 2017 to expedite the acquisition of the lands which were acquired for the construction of the University and to carry out the acquisition activities in a systematic manner. As the land acquisition process of the University is in the final stages, he has been further employed on an assignment basis from 04 November 2024 to 03 May 2025.

Action should be taken to acquire the lands promptly. However, the officials responsible for the irregular recruitment should be identified and necessary investigations should be carried out.

3.3 Management Inefficiencies

| | Audit Observation | Management Comments | Recommendation |
|-----|--|---|---|
| (a) | Although the University Grants Commission had granted approval to register 3328 students for 16 degree courses for the academic years 2022/2023 and 2023/2024, the entire capacity had not been able to utilized as only 2645 students had registered. Accordingly, the number of unregistered students as a percentage of the expected number of students was 21 percent and it | Action will be taken to enroll students in degree programs according to the student registration lists submitted to the university. | Action should be taken to enroll the full number of students approved for the relevant courses. |

was not possible to enroll any foreign students for degree programs.

(b) An annual rent of Rs. 87,354,376 had been spent during the year under review to obtain 64 hostels on rent basis for 1783 students out of 2287 students, due to the inadequacy of the hostel facilities available at the University. Due to lack of attention to the construction of new student hostels, the total hostel rental expenses incurred from January 2008 to 31 December of the year under review amounted to Rs. 376,153,028, and security services, sanitation services, as well as other utility services such as water and electricity has to be provided for each of those hostels.

Hostel facilities had been constructed for 502 students, and the hostel facilities had been provided from the surrounding area of the University for the remaining students. Action had been taken to construct hostels since the year 2015, and a land extent of 12-acre will be acquired and expect to provide hostel facilities to approximately 2,000 students.

Safe and comfortable hostel facilities should be provided to the students by constructing new student hostels and action should be taken to minimize additional costs.

(c) According to the report submitted to the Vice-Chancellor by the Computer and Equipment revaluation Committee on 20 December 2023, thirty four items of computer equipment and 02 laboratory teaching equipment worth a total of Rs. 3,928,819 procured under miscellaneous grants were identified as need to be repaired and put into use. But action had not been taken to repair or send the equipment to the relevant departments even by 31 December 2024.

Instructions had been given to the General Administration Division to take appropriate action in this regard.

Computer equipment should be repaired and take into use immediately.

3.4 Contract Administration

| Audit Observation | Management Comments | Recommendation |
|---|--|---|
| Despite the University was provided provision under capital grants for the Alternative Water Supply Project, an additional amount of Rs. 750,346 had to | The University Governing Council met on 28.02.2025, decided to seek advice from the Attorney General and | The issue of delay charges should be resolved promptly and action should be |

be paid to the contractor in the year under review as VAT due to delay in payment for the bills submitted by the contractor and, the delay charges certified by the project consultant on 19 October 2023 to be paid to the contractor due to the delay was Rs. 5,078,042. Furthermore, a Dispute Adjudicator had been appointed by both parties paying Rs. 500,000 each to resolve the dispute regarding the delay charges, and in addition to the above payments, the Adjudicator had ordered to pay a further Rs. 3,643,953 to the contractor as delay charges.

initiate further legal action in this regard, based on the recommendations of the Dispute Adjudicator appointed to resolve the issue of late payment of fees between the University and the contractor. taken to get disciplinary actions against the officials responsible for the delay payments.

3.5 Human Resources Management

| | Audit Observation | Management Comments | Recommendation |
|-----|--|--|--|
| (a) | There were 86 and 77 permanent academic and non-academic staff posts respectively of the University, and vacancies in 05 and 03 approved temporary academic staff posts for the Faculty of Applied Sciences and the Faculty of Medicine respectively as at 31 December of the year under review, and there was an excess of 13 approved temporary academic staff posts in other faculties. | Since new recruitment activities had been temporarily suspended, recruitment will be carried out after receiving the relevant approval. Due to the leaving of permanent employees and the inability to fill the approved permanent vacancies, it is not an excess of academic staff as the relevant vacancies are being filled on a temporary basis and academic activities are being carried out in proper manner. | Action should be taken to urgently recruit qualified officers for essential positions while serving within the approved staff. |
| (b) | An applicant who had not fulfilled the basic qualifications had been recruited to the post of Senior Assistant Registrar on 05 September 2008 and his service had been confirmed from 13 July 2012 without verifying the accuracy of the certificates submitted for educational qualifications and service experience relevant to the | The University Grants Commission is the appointing authority of appointing for the relevant positions and the University had got confirmed the accuracy of the educational qualifications submitted at the time of confirmation in | A formal investigation should be conducted into irregular recruitment and actions should be taken against the officers |

appointment and the fulfilment of the conditions mentioned in the appointment letter. He had been promoted to the position of Deputy Registrar from 07 October 2019 and had been confirmed in that position from that date. Furthermore, a sum of Rs. 25,658,781 had been paid for this officer as salary and allowances for the period from 15 October 2008 to 31 December of the year under review and action had been taken to provide a vehicle permit for the import or purchase of a motor vehicle worth of US\$ 30,000 with 50 percent tax exemption on concessional terms under Trade and Investment Policy Circular No. 01/2016 by the university, and to provide facilities including opportunities to participate in foreign training and meetings.

(c) Despite the University Grants Commission had informed that applications should be invited by publishing newspaper advertisements again, two applicants who were called for interview under the third category for the subject of ENGLISH LANGUAGE & LINGUISTICS in the Faculty of Management Studies had been recruited for the post of Lecturer (Temporary) on 16 January 2024 and a sum of Rs. 1,924,338 had been paid as salary and allowances during the year under review. Further, despite there were qualified candidates belonging to the first category in the recruitment of academic staff for the subject of ENGLISH LANGUAGE & EDUCATION, a candidate belonging to the second category had been recruited for the post of Lecturer (Temporary) from 15 March 2024 and a sum of Rs. 791,560 had been paid as salaries and allowances during the year under review. As such, as per the

the post of Deputy Registrar position. Since the duties related to the position has been performed satisfactorily, the salaries, allowances and concessional benefits related to those positions has been provided.

responsible, and action should be taken to recover the losses incurred.

According to the requirement of the University, recruitment had been done as a Lecturer (temporary) subject to the approval of the Governing Council with the pending the approval of the University Grants Commission and salaries and allowances entitle to the position has been made.

Although a reply has been sent to the letter UGC/HR/4/4/26/Mgt dated 18.07.2024 received from the University Grants Commission on 08.11.2024 regarding the subject of ENGLISH LANGUAGE & LINGUISTICS, reply has not been received so far. A letter has been sent on 19.02.2024 to obtain the approval of the University

A formal investigation should be conducted into irregular recruitment and actions should be taken regarding the officers responsible, and action should be taken to recover the losses incurred.

provisions of the University Grants Commission Establishment Circular Letters No. 08/2005 and 17/2017 the special justifications for the same had not been submitted to the University Grants Commission and the relevant approval had not been obtained.

Grants Commission regarding the subject of ENGLISH LANGUAGE & EDUCATION, and a reply letter bearing number UGC/HR/4/4/26/Mgt dated 08.04.2024 was received from the University Grants Commission, and a reply has been sent on 08.11. 2024 in this regard and a reply has not been received to that letter till date.

(d) An officer who had been recruited for the post of Assistant Librarian on 02 March 2009 had been removed from service on 02 March 2017 due to not fulfilling the necessary qualifications during the probationary period and had been appointed as Assistant Librarian on contract basis from that date until July 2018 and she had been paid a monthly allowance of Rs. 51,130. This officer who did not meet the qualifications as per the University Grants Commission Circular No. 921 dated 23 April 2010 had been recruited for the post of Senior Assistant Librarian under the open recruitments conducted in 2018. She had been appointed to the post of Assistant Librarian from 01 August 2018, appointed to the post of Senior Assistant Librarian from 01 August 2021 and appointed to the post of Acting Librarian from 02 March 2022. Furthermore, a sum of Rs. 21,423,102 had been paid as salaries and allowances from August 2018 to December 31 of the year under review and an official quarters, an official vehicle had been given on a monthly rental basis and fuel allowances had also been provided. At the time of re-enlistment, out of the total due of Rs. 5,491,082 receivable

According to the government audit query that the required qualifications were not met and the suggestion made by the Audit and Management Committee that the qualifications of the relevant officer were not match with the recruitment process, it was proposed to refer the matter to the Governing Council for necessary action. Accordingly, a sub committee consisting of two members was appointed and the observations and recommendations submitted by the sub committee by Governing Council Paper No. C/180/05/25 are as follows:

- Since the doctoral degree could not be completed during the probationary period, to terminate the service from 02 March 2017 and action was taken to give her the position of Assistant Librarian on contract basis from 02 March 2017 to 01 March 2018 and to extended it until 31 August 2018.
- She was applied for the

Only qualified applicants should be recruited for approved positions, and formal investigations should be conducted regarding irregular recruitment and action should be taken against the responsible officials, and action should be taken to recover the losses incurred.

for the breach of bond agreements, only a sum of Rs. 1,372,770 had been recovered and action had been taken to re-enter into a bond agreement for the remaining Rs. 4,118,312 as per the University Grants Commission Circular No. 03/2014 dated 24 March 2014.

post of “Senior Assistant Librarian Grade II” published in the national newspapers on 21 January 2018 and was called for an interview as she qualified based on the Scheme of Recruitment and the recommendation of the Librarian. Accordingly, on the recommendation of the Selection Committee to appoint to the post of Senior Assistant Librarian, she was re-recruited to the post of Senior Assistant Librarian with effect from 01 August 2018.

- Considering fulfillment of her Doctorate qualification, the Governing Council decided to recruit her to the position of Senior Assistant Librarian in the 2018.

The 180th Governing Council has decided to amend six years of experience in the post of Assistant Librarian (Transitional Grade) for a period of three years from 01 August 2018 and promote her to the post of Senior Assistant Librarian (Grade II) with effect from 01 August 2021.

(e) An appointment was made to the post of Trained Technical Officer Grade II B on 01 April 2016, and due to university's delay in verifying the fake educational certificates submitted by the applicant until October 2021, a total of Rs.3,275,787 had been paid as salaries and allowances for that period. Arrangements had not made by the University even by 31 December 2023 to take disciplinary action regarding the payment made without verifying the certificates within the stipulated time and to recover the loss to the University Fund from the relevant parties.

A complaint was filed with the Deputy Inspector General of Badulla Province on 07.07.2021 to investigate the discrepancy in the examination results, and presently the relevant investigations are in progress. The OIC of the Special Crime Investigation Division of the Badulla Police Station has reported the matters to the Hon. Badulla Magistrate's Court and initiated legal proceedings. Further action will be taken in accordance with the verdict given by the Hon. Magistrate's Court.

(f) Although by the Department of Management Services had not approved a post of Technical Officer, a person over the age of 49 years who had not met the minimum educational qualifications had been recruited 10 April 2019 for the Capital Works and Buildings and Maintenance sectors on the approval of the Governing Council and a sum of Rs.3,447,250 had been paid as monthly allowances up to 31 December of the year under review without confirming daily attendance and departure. This officer had been recruited for the supervision the second phase of construction projects at Uva Wellassa University and though no construction projects were implemented at the University for the period from November 2022 to September 2023, a total monthly allowance of Rs. 870,000 had been paid.

Daily attendance is recorded on the fingerprint machine and payments will be determined by comparing it with the relevant positions in the university system.

Although the construction was completed, due to the projects have a maintenance period, accordingly, this officer was deployed to supervise it.

Disciplinary action should be taken against the responsible parties and action also should be taken to recover the loss to the University Fund.

A formal investigation should be conducted into irregular recruitment, actions should be taken regarding the officers responsible, and to recover the losses incurred.

3.6 Management of Vehicle Fleet

| Audit Observation | Management Comments | Recommendation |
|--|---|--|
| <p>A vehicle obtained on a monthly rental basis had been provided as the official vehicle of the Acting Officer of the post of Librarian and a loss of Rs. 2,267,845 had been assessed due to an accident that occurred while the officer was traveling to Jaffna without permission for personal matter on 07 October 2023. Since the insurance company had refused to reimburse the loss, the vehicle owner had filed a lawsuit against the University to recover the loss. The University had taken actions to approve sabbatical leave to the relevant officer from 15 July 2024, disregarding the provisions of Sections 6.4 and 6.5 of Chapter XXIV of the Establishment Code for Higher Education Institutions and University Grant Commission and Financial Regulation 104(1) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Investigations to determine those responsible related to the accident had not been commenced even by 31 December 2024. Further, a sum of Rs.2,341,066 had been spent from the date of the accident to 15 July 2024 for the use of a vehicle taken on monthly rental basis and other hiring vehicles for the transportation works of the officer.</p> | <p>Case No. CL/92/2024 in this regard is being heard in the Badulla District Court. Since this vehicle is a rented vehicle but not owned by the University, the provisions of the Establishment Code and Financial Regulation have not been followed.</p> | <p>Action should be taken in accordance with the Government Expenditure Management Policies and Sections 104(1), 104(3), 104(4) of the Financial Regulations and to recover the loss to the University Fund due to the use of hiring vehicles.</p> |

4. Accountability and Good Governance

4.1 Annual Reports

| Audit Observation | Management Comments | Recommendation |
|---|--|--|
| <p>The Draft of the Annual Report for the year under review to be submitted to the Auditor General within 60 days of the end of the financial year in accordance with Section 6.5.1 of the Public Enterprises Circular No. 12 dated 02 June 2003, had not been submitted to the Auditor General even by 21 July 2025.</p> | <p>Actions will be taken to provide the relevant annual report promptly.</p> | <p>Action should be taken in accordance with the relevant circular provisions.</p> |