

1.1 Qualified Opinion

The audit of the financial statements of the University of Ruhuna for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 the 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 the Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the University of Ruhuna as at 31 December 2019, 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 Ruhuna 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 of Ruhuna or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the University of Ruhuna 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 Scope of Audit

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 of Ruhuna, 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 Internal Control over the preparation of financial statements.

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Issues with regard to maintenance of key accounting records such as General Ledger, Journal and Journal vouchers, payment vouchers etc. may include under this heading.

1.5.2 Non-compliance with Sri Lanka Public Sector Accounting Standards (SLPSAS)

Reference to the relevant standard	Management’s Comments	Recommendation
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(a) In terms of paragraph 99 of Sri Lanka Public Sector Accounting Standard 01, all items of revenue and expense recognised in a period in an entity should be included in surplus or deficit in the statement of financial performance. However a sum of Rs.28,203,241 earned from various activities had not been recognised as revenue.	Since the revenue earned by 7 such activities are not generated by operating activities they had not been included in the income statement.	In terms of Sri Lanka Public Sector Accounting Standard all items of revenue of an entity need to be included in the statement of financial performance.

- (b) In terms of paragraph 65 of the Sri Lanka Public Sector Accounting Standard 7, the residual value and the useful life of an asset should be reviewed at least at each of expectations differ from previous estimates the changes should be accumulated for as a change in an accounting estimate in accordance with SLPSAS 3, Accounting Policies changes in Accounting Estimates and errors. Nevertheless, action had not been taken so in respect of two items of assets costing Rs.65,884,346 of the university and it had included more than 52 per cent of the total assets.
- Only lands building and motor vehicles are maintained under the revaluation made and it is expected to make adjustments in the financial statements having being assessed the class of vehicles including the motor vehicles the residual value of which become zero. Since, the other assets are maintained under cost model in terms of paragraph 41 the requirement of reviewing the annual residual value and the useful life do not arise.
- Action needs to be taken in accordance with Sri Lanka Public Sector Accounting Standards.
- (c) According to the Paragraph 69 of the Sri Lanka Public Sector Accounting Standard 7, Depreciation of an asset beings when it is available for use. However, since the computation of depreciation in respect of 5 classes of assets purchased in the year under review was done for the full year depreciation had been over stated by Rs.1,824,990.
- It is an error in the computation of deprecation and the relevant corrections will be made in the financial statements of the year 2020.
- Depreciation needs to be computed in accordance with the Accounting Standard.

1.5.3 Accounting Deficiencies

Audit Observations	Comments of the Management	Recommendation
(a) Action had not been taken to undertake the land, 13 purchase in extent in which 2 faculties in the university are operated, being formally assessed and to include in the financial statements or to disclose in the financial statement as a note.	Since the relevant land had not been legally acquired by the university, it had not been included in the financial statements. Action will be taken to include a revised not in this regard in the financial statements of 2020.	Even though the land had not been legally undertaken, it should have been disclosed in the financial statements, since it is already been possessed.
(b) Even though the balance of other adjustments for the general reserve amounted to Rs.20,430,979, it was as Rs.33,649,717 and the acquisition of	There was no effect on the overall cash flow statement. This had happened due to an error caused to make an	The cash flow statement needs to be correctly prepared.

property plant and equipment under the investing act invites amounted to Rs.144,661,558, it was as Rs.157,880,296 had been stated and as such those values had been overstated in the cash flow statement by Rs.13,218,738.

adjustments for non-cash transactions in respect of prior years assets in the preparation of cash flow statement. Necessary steps will be taken to present the cash flow statement having being received.

- (c) As action had not been taken in accordance with agreements the demurrage charges recovered from suppliers had been credited to a Fund Account without being recognised as a revenue of the respective year. Accordingly, the revenue of the year under review Rs.31,60,753 had been under stated in the financial statements. The balance of that fund account from the year 2012 to 31 December 2019 amounted to Rs.13,256,051.
- The money recovered from the breach of all agreements and bonds since 2012 had been so transferred to a fund account. Money received from the breach of agreements and bonds by suppliers and employees had been maintained in one ledger account and invested. Necessary corrections will be made in due courses.
- Demurrage charges recovered need to be recognised as a revenue of the university.
- (d) In terms of Public Finance Circular No.02/2015 of 10 July 2015 all income receives from sale of vehicles should be credited to the consolidated fund. Without doing so, this money had been credited to a sale of vehicles account by the university. Accordingly the balance of this fund as at the end of the year under review amounted to Rs.5,203,365.
- Since sufficient annual provisions are not received from the Treasury the above money had not been returned and retained in this account. Income from sale of vehicles will be credited to the consolidated fund in future.
- Action needs to be taken in terms of circular instructions.

1.6 Accounts Receivable and Payable

1.6.1 Accounts Payable

	Audit Observation	Comments of the Management	Recommendation
(a)	The management had not taken suitable action in respect of creditors totalling Rs.2,925,616 brought forward since 2015 having being examined unclaimed creditors.	Necessary action will be taken in future to settle those balances after being made aware of the supplies Divisions.	Creditors balances need to be settled.

- (b) According to the financial statements of the year under review the unpaid bursaries amounted to Rs.9,790,750 which includes unpaid bursaries of Rs.9,535,050 relating to the years from 2011 to 2015. Attention of the management had not been paid for the payment of such bursaries.
- The balance of the unpaid bursaries had not been maintained in a separate account. Due to non-receipt of sufficient recurrent provisions in the previous years such money had been utilised for recurrent payment. Action will be taken to settle the relevant money to the entity by which provisions were given after the collection of sufficient funds.
- Students bursaries should not be utilised for the recurrent officers of the University and they should be settled soon.

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

Reference to Laws, Rules etc.	Non-compliance	Comments of the Management	Recommendation
(a) Section 29(f) part v of the universities Act No.16 of 1978.	Even though it is stated that the university can hold external examinations with the commission enabling the persons who are not the students of the university to obtain degrees, higher knowledge and academic excellence the attention of the management had not been degree courses except the external Bachelor of Arts Degree course.	Only the Bachelor of Arts (External) Degree is now awarded by the Distance and continuing Academic unit and it I expected to begin the commerce (External) Degree Course with the assistance of the Faculty of Management and Finance on the approval of the Senate.	Graduate courses suitable for the timely requirement need to be introduced and conducted.
(b) Financial Regulations of the Democratic socialist Republic of Sri Lanka.			
(i) Financial Regulation 394(C)	The value of a cancelled cheque should be treated as an amount received by the Department and credit being taken to the appropriate account. However, 301 cheques totalling Rs.1,384,555 relating to the eight faculties and units received during the period 2016 to 31 December 2019 had been cancelled but action in terms of financial regulation had not been taken.	Since cheques in lieu had to be issued in terms of Financial Regulation 392 in place of those cheques they had been temporary transferred to the cancelled cheques account. After being established that cheques in lieu are not issued in place of those cheques, action will be taken in terms of Financial Regulation 394.	When the validity period of cheques are lapsed, action needs to be taken in respect of those cheques in terms of financial equation.

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| (ii) | Financial Regulations 751, 752 and 754 | Inventory and stock books had not been maintained in terms of Financial Regulation. | It is expected to create a store keeper post for the maintenance division and a minor employer had been deployed for the activities of the stores division. Action will be taken to recruit a permanent officer. | Action needs to be taken in accordance with financial regulations. |
| (c) | Section 40.1 of the Establishments code for universities. | If any adverse effect on the service provides to the relevant institution does not cause by taking leave, during the vacation period, any lecturer can take leave during the vacation period of the Higher Education Institution leave with salary had been approved to a lecturer in the Faculty of Engineering during the academic period from 06 September 2018 to 05 December 2018 and 12 January 2019 to 11 April 2019. However, it was observed that those 2 periods were academic periods and vacation leave had been obtained continuously in 2 occasions. | The particular lecturer had reported for duty on 01.01.2019 and he had again obtained vacation leave from 12 January 2019 to 11 April 2019. We would like to inform that his leave had been approved by the senate met on 14.01.2019 from meeting No.387. | In granting leave to officers, action needs to be taken in compliance with the establishments code. |
| (d) | Letter No. SC&PMU/GRA NT/19 of 25 July 2019 of the Director General of the Department of External Resources. | It is stated that foreign grants and Technological aids granted by other states/ foreign development parties should be obtained through the Department of External Resources and within the concurrence and agreement of that Department. Nevertheless, such an agreement had not been obtained had not been obtained, even though 8 projects valued at Rs.131,440,631 were executed by the end of the year under review within the university premises. | Action will be taken to get the consent and agreement of the Department of External Resources in due course in obtaining foreign grants. | Foreign granted need to be obtained on the specific approval. |
| (e) | Paragraph (i) of the Circular No.05/2014 dated | When making payment of research allowance to University Lecturers, the evaluation of the effectiveness | When making payment of research allowances, proposed researches and | The effectiveness of the research should be considered by the |

25 March 2014 of the University Grant Commission. of proposed research topic and the determination of research period have to be carried by the Research Management Committee but the evaluation of reports had not been done by the Research Management committee. The research papers relating to the research allowances of the years 2018 and 2019 had not been presented even by 20 January 2020. research reports are taken into consideration. Furthermore, after being conducted researches new findings are published in the Magazines as Articles. It is informed that every research proposal are evaluated by the research grants committee. research management committee in terms of circular instructions.

1.8 Cash Management

Audit Observation	Comments of the Management	Recommendation
<p>(a) In terms of paragraph xv of section 45 of the Universities Act No. 16 of 1978 and section ii of the finance Act No.38 of 1971, no moneys should be invested without the approval of the Minister of Finance and concurrence of the appropriate minister and the University Grant Commission. Contrary to that moneys in the various fund accounts had been invested in fixed deposits and money market. Balance of such investments by the end of the year under review totalled Rs.287,174,469.</p>	<p>Investments mentioned in audit, had been invested in terms of paragraph ii and xv of section 45(2) of the universities Act, under the authority of the Senate and in accordance with the objectives of each fund, subject to various approvals. Action will be taken to obtain the Treasury approval thereon.</p>	<p>Funds need to be invested on the appropriate approval.</p>
<p>(b) According to the Financial Regulation 381 of the Democratic Socialist Republic of Sri Lanka a bank account should be opened after obtaining the Treasury authority without doing so, two bank accounts in the year 2017 and 4 bank accounts in the year 2019 ha been opened. By the end of the year under review the total balance of those 6 bank accounts amounted to Rs.132,688,062.</p>	<p>Bank Accounts mentioned in audit are not bank current accounts and no any cheque transactions are made since the treasury funds are not utilised and they are not official bank accounts, they had not been referred to the Treasury for approval. Those accounts were opened on the approval of the Board control.</p>	<p>Since all bank accounts open by Public entities are official bank accounts the Treasury approval needs to be obtained in terms of Financial Regulations.</p>

2. Financial Review

2.1 Financial Results

The operations of the year under review had resulted in a deficit of Rs.828,409,127 as compared with the deficit of Rs.134,979,828 in the preceding year. Accordingly a deterioration of Rs.693,429,799 in the financial results was observed. Increase of provision for the consumable services, by Rs.675,903,643, contract service's expenses by Rs.67,817,034 and personal emoluments by Rs.770,567,662 had attributed to this deterioration.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
<p>(a) Under the memorandum of understanding agreement entered into between the faculty of Economics of the university and Norway Ander University a scholarship is awarded annually for few students who study post graduate course to the Norway Ander University. The opportunity was available to apply for this scholarship for students study the post graduate course in economics. In awarding these scholarships for the year 2019, the criteria followed for giving marks at the interview is the same criteria applied in the recruitment of Junior Lectures. eg. Post Graduate Diploma.</p> <p>It was observed that, it is inappropriate to give marks being equalized the AAT and the strategic Level – II of the examination of chartered Accountants to the Post Graduate Diploma.</p>	<p>This Post Graduate Degree Course conducted by the Norway Ander University is a Post Graduate Degree Course in Global Development and Planning. The interview Board had considered that studied AAT or professional or Post Graduate Degrees in Education Administration is an additional qualification.</p>	<p>In giving marks for the selection of suitable students for such courses, appropriate criteria need to be set in a manner not to be unjustified to the students who follow Post Graduate Course in economics.</p>
<p>(b) Applications were called for the recruitment of temporary lectures for the economics and social statistics to the Faculty of Economics of the university. Persons hold Bachelor or Science (special) degree in statistics for the social statistics subject and a degree with the science (special) statistics subject could apply for the post. In giving marks at the interview</p>	<p>Since a sufficient backup is not provided to cover the requirement of the faculty courses from posts graduate degrees or post graduate diplomas followed by the applicants participated in the interviews, the interview Board had given marks to</p>	<p>Marks should be given in a manner that equal opportunities to be given to every applicant with similar qualifications and the attention of the management needs to be paid to select the most suitable applicant.</p>

three interviewers of the interview Board had given marks 05 and 10 to an applicant who completed the post graduate degree of the 10 marks given for professional experience 0 marks, 2 marks and 2 marks had been given by 3 interviewers to a teacher who served 2 years as a temporary demonstrator and 2 ½ years as a teacher and the three interviewers had given 3 marks, 2 marks and 1 marks to an applicant who had 8 months experience as a temporary demonstrator. Furthermore, in giving marks for research and publications, the interview Board had not given any marks to an applicant who holds 2 years post graduate degree in addition to the Science (Special) Degree.

applicants being varied. Furthermore, most by considered in the selection on temporary basis is that applicants directly connected with the subject stream of the Social Statistics Course. If they have only experience and other qualifications it is not an appropriate factor for the requirement of the Faculty.

- (c) Even though attempts had been made in several occasions to change the syllabus of external degree course having being identified to be changed in the year 2013 by the faculty of Humanities and Social Sciences and the senate, it was failed to implement the changes in the syllabus even by October the year under review.

Appropriate to the present business environment in the modernised Bachelor of Arts (External) degree, new subjects in the areas of Information Technology, Mathematics, Business statistics and English are included therein.

Action needs to be taken to revise the syllabuses to suite for the periodic requirement of the country and to protect the standard of the course.

3.2 Operating Inefficiencies

----- Audit Observation -----	Comments of the Management	Recommendation -----
(a) Broadening the access roads to education and research works improvement of the quality of education and researches and improvement of the relevance of education and researches are the main objectives of the university. Nevertheless, incline to researches by lecturers in the Faculty of Humanities and Social Sciences and the Faculty of Management and Finance control of the quality of researches and communication the relevance of researches and their results to the related parties had been at a very weak level.	At present the faculty issues one periodical with 2 volumes per year and an electronic periodical with 4 volumes per year. The university conducts international level research sessions and though the education sessions the university contributed to supply research papers as well. In order to control the quality of research papers two external observers	A file including the research committee recommendation in the 2 faculties subjected to audit was not made available to audit. In the examination of research proposals and research papers presented to audit, there was no proper control on the quality of researches, relevance and reaching to the

evaluate them in field of their results and accordance with accepted as such attention in that standards, As such, the regard needs to be exposure of Lesser quality drawn. researches in controlled.

- (b) The government of Norway had given patronage to conduct a post graduate course on peace and Development studies under the Norhed/ CPDS programme it is intended to study the social problems exist in the modern society therefrom with a scientific approach. Special attention is drawn in respect of how social problems build as a social formation and how such problems observe from the Scientific point of view. Accordingly, this post graduate degree course is pertinent to the parties engaged in professions directly join with social conflicts. However in the selection under graduates attention on such factors have not been drawn.
- Under this project it was planned to commence the post graduate course in peace and Development studies and all syllabuses have been prepared and presented a series of proposals and obtained the approval of the senate and the University Grant Commission. According to the procedure of the university responsibility to conduct of that course is not a function of the project and the matters such as the selection of students for the course, determination of course fees are exterior to the project limitations.
- Since course is conducted by a scholarship system the priority should be given to plan the enrolment of students in a manner enabling to use its results for the benefit of the country. The course needs to be designed by paying special attention to admit the professionals who engage in this field.
- (c) Post graduate degree course in peace and Development consists of 4 semesters. Scholarship opportunities have been given to a limited number of students to carry on studies in the 3rd semester in the Tribhuvan University in Nepal but appropriate criteria had not been set for the selection of students therefor. In the implementation of the established marketing criteria all 10 marks to be given for the nature of the degree had been given to the 5 Bachelor of Arts graduates of the University of Ruhuna and the University of Sri Jayawardanepura. But any marks had not been given to a graduate who holds a Bachelor of Science degree of the University of Ruhuna and to a graduate who holds a Bachelor of Arts degree of the University of Peradeniya. Moreover, two marks to a student for a post graduate degree who had not been given marks to the first degree and 4 marks to an officer
- The procedure mainly follows in awarding of scholarships under this project is that the ability to attach to the university service after being completed the course by scholarship holders. Accordingly, the priority is given to the graduates who hold a degree in the social sciences field for 4 years and an honorary pass etc. Moreover, the course coordinator informed that action had been taken in considering that the degree is equal to the nature of job and post teaching experience at a certain
- In awarding of such degree courses, the appropriate criteria need to be set and selected the most suitable students accordingly.

who performs the duties of a Development Assistant's post in the District Secretariat had been given for teaching experience. Therefore it is not observed that there was a consistent basis for giving marks.

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| <p>(d) Thirty three Lectures of 5 subjects in the first semester of the second batch of the above post graduate degree course 33 Lectures of 5 subjects in the second semester and 71 Lectures of 5 objects in the 3rd semester had not been covered, but examinations had been held.</p> | <p>Those issues are now being inquired by the faculty of post graduate studies, and the correct information could not be provided at this time, since course coordinators could not be contracted.</p> | <p>Examinations needs to be held after being covered all subject matters.</p> |
| <p>(e) (i) The National Science foundation had commenced a project with the main objective of strengthening the minor crops export economy being increased the export marketing of qualitative cinnamon by value addition thereto. Type of cinnamon area, age and the chemical compositions of Cinnamon in terms of age and deposit period, having being studied the change of Living active constituents the most effective genesis and area, appropriate time for the reap of cinnamon and marking recommendation of the most effective cinnamon raw material according to the deposit period requires for making medicine were assigned to the university. Even though 3/4rd of the project period is completed out of 50 profiles only 2 profiles had been tested as per the progress report presented.</p> | <p>Special attention of the Board of Control was drawn in respect of observations made in the audit query No.SNP/MR/C/62/19/512 on this issue and according to the decision taken by the Board contract on this issue it is expected to take future action.</p> | <p>Having being tested un a manner, covering all matters included in the research topic action needs to be taken to reach research objectives.</p> |
| <p>(ii) According to the project plan of the cinnamon project it was planned to obtain samples from the agricultural areas of Galle, Matara, Hambantota, Rathnapura and Kaluthara Districts but any sample whatsoever had not been obtained from Kaluthara District and out of 10 places of the Rathnapura District samples had not been obtained from a placed. Since samples had not been obtained in accordance with regional differences it is</p> | <p>Special attention of the Board of Control was drawn in respect of observations made in the audit query No.SNP/MR/C/62/19/512 on this issue and according to the decision taken by the Board contract on this issue it is expected to take future action.</p> | <p>Tests need to be carried out in a manner covering all areas as planned and try to achieve the expected results.</p> |

observed in audit that reaching the objective of the project will be problematic.

- (iii) In relating to the research under the above project, awarding 2 master of philosophy degrees had been planned. Accordingly, the relevance to the achievement of project objectives it was planned to test under 2 topics comprising the identification of change in chemical composition bio activation and related compounds and the quality of chemical composition of cinnamon and quantitative and basis, anti oxidized quality, carcinogenic quality, anti diabetic quality studies. Nevertheless, the supervise or of the research thesis had changed the research topic after a lapse of about 2 years. It is observed that such changes in the research study field could not reach the intended objective of the project.
- (f) The Bachelor of Arts (External) course had been conducted in 3 examination stages and the according to the order of the senate, examinations should be hole annually. However, conducting examinations for the registered students of the course had been held after delays from the 01 to 03 years. Accordingly, it was observed that the under graduates had to spend a period of more than 6 years complete the their degrees.
- Special attention of the Board of Control was drawn in respect of observations made in the audit query No.SNP/MR/C//19/512 on this issue and according to the decision taken by the Board contract on this issue it is expected to take future action.
- The matters caused not to conduct examinations of the course annually include seminars, lectures, examinations of answer scripts, conducting result boards are carried out with the participation of lecturers in the Faculty of Humanities and Social Sciences and it is completed to do the affairs of the Distance and containing Education unit in a manner not to collide the duties of their faculties. In addition union actions of 3 parties comprising academic, non-academic and students are also obstructive to conduct examinations as specific.
- Action needs to be taken to reach the objective of the project though the two master of Philosophy degrees.
- Expedite this process and plan to create a graduate within a starter period and implement and be establish a system to absorb the youth vitality into the job market.

3.3 Transactions in Dispute

----- Audit Observation -----	Comments of the Management -----	----- Recommendation -----
(a) According to the Circular No.737 of 18 August 1998 of the University Grants Commission all moneys receive from breach of agreements and bonds should be invested in fixed deposits and Treasury Bills and the interest income receives there from should be utilised for locally organised seminars. Training and short term training courses as well as to expose researches and publications on behalf of staff of the university. However, a sum of Rs.40,200,000 had been recovered from the officers breached the agreements or bonds by the university as at 06 December 2019 and invested in fixed deposits. Without complied with the circular provisions the interest income of Rs.5,005,610 earned from those investments had also been invested in a manner crediting to manner crediting to the fixed deposit account.	Having being formulated criteria and policies in respect of spending the interest income in terms of the above circular in future action will be taken to utilise such money being obtained the approval of the Board of Control.	Without utilising the fund of the consolidated fund for staff training, the interest income should be utilised therefor in terms of the circular instructions.
(b) In terms of University Grant Commission Circular No.15/2018 of 26 November 2018 necessary provisions had been made to introduce scheme for the university staff. Accordingly, it is stated that the establishment of a National Insurance Trust Fund and contribution for the payment of its premiums or to utilise from the self-generated funds of the university contrary to that an Agrahara Insurance Fund totalling Rs.40 million had been established comprising Rs.20 million from the consolidated fund Rs.10 million from the University Development Fund and Rs.10 million from money recovered from suppliers who breached agreements.	The above money utilised for the Insurance Fund had been obtained on the approval of the Board of Control and these are not the funds received from the Treasury to the University but the revenue generated by the university.	Since the relevant revenue and funds are not self generated funds they could not be utilised for the established for the establishment of an Agrahara Insurance Fund. They should be utilised for the achievement of specific objectives relating there to.

3.4 Under utilization of Funds

----- Audit Observation -----	----- Comments of the Management -----	----- Recommendation -----
(a) The research grants totalling Rs.31,063,277 as at 31 December of the year under review included a research grants of Rs.2,127,809 unutilised up to the year 2019 from 2014. Being verified the reasons for under utilisation of such grants, attention of the management was not paid for the effective utilisation of such funds.	The relevant officers were made aware to utilise under utilised research grants, subject to the project criteria and budgets. Action will be taken in respect of balances of dormant and completed research projects in accordance with the instruction of the Board of Control and the Finance Committee.	Under utilised research grants need to be effectively utilised.
(b) According to the financial statements the balance of the award and donation account as at 31 December of the year under review totalled Rs.612,906,756 of these accounts a sum totalled Rs.12,918,952 in 22 accounts had been dormant for a period from 3 to 5 years. Attention of the management had not been drawn in respect of the under utilisation of such funds without being utilised for the relevant purposes.	Action had been taken to make aware the relevant officers to utilise the balances of under utilised awards and donation account, subject to the criteria of the project and the budget.	Under utilised awards and donations need to be effectively utilised.
(c) L3F Project had been commenced with the theme of providing graphs to develop the cultivation of peasants to uplift their livelihood by doing self studies. One of the purpose of this project identified is that the awareness of peasants in respect of introduction of value added products and the manner how to prepare a business plan. A training had been conducted to a selected group of mushroom planters in respect of mushroom related products such as pickle, moju, chatney, baym etc. in the year 2018. However it was observed that non- engaged in the related products industry even by	Work shops had been launched by the project for the introduction of mushroom related value added products to the farmers. Only the empowerment in knowledge in respect of work enabling to do therefrom had been done this project. If they complete with the imported food stuffs (mushroom products) quality products need to be produced and the consumer attraction needs to be compared with the government policy and the farmers need to broaden their businesses. If it is not so a continuous product could not be given.	Since the peasants engage in this field are very low income earners if the project had been planned, enabling them to get financial assistant it should have been a more successful project. The project needs to be implemented by paying attention thereto as well.

the end of the year under review and the surplus products were not available with the farmers for by products.

3.5 Idle or Under Utilised Property, Plant and Equipment

Audit Observation	Comments of the Management	Recommendation
A 'GC' equipment had been purchased by spending on sum of Rs.3,955,000 on 26 April 2018 by the Cinnamon Research Project. It had not been utilised for any research work even up to the date of audit December 2019 and had not been in an operational condition.	The Board of Control of the University had paid special attention in respect of the relevant observations made in the audit query No.SNP/MR/C/RU19/512 in this issue according to the decision taken by the Board of Control in this regard future action will be taken.	Attention of the management needs to be paid for the provision received for the acquisition of capital assets.

3.6 Procurement Management

Audit Observation	Comments of the Management	Recommendation
(a) Since the expenditure had been incurred in excess of the provision made under the capital expenditure head in the year under review, an expenditure of Rs. 143,581,874 had been incurred in excess of the amount of provision relate to 15 capital projects.	Even though the capital block grants made for the university of Ruhuna in the year 2019 amounted to Rs.604 million the actual to capital grant received was Rs.340 million. As a result, a shortage of Rs.264 million had existed in the provision made for capital expenditure estimates.	In the acquisition capital assets, attention needs to be paid for the provision received.
(b) Being symbolised the SLUG sport festival 4000 T Shirts with the peacock official symbol had been printed and 2086 T shirts costing Rs.126,203 and a stock of goods costing Rs.412,275 purchased for sale had remained in the stores.	Instead of open stadium arranged for holding opening and concluding sport festival and the students participation at the opening and concluding festivals had been at a minimum level and the heavy rain existed during that period and effected other matters, the indoor auditorium (RTMA) had to be used and it had affected not to market these commemorations.	Government money needs to be utilised effectively.

3.7 Deficiencies in Contract Administration

Audit Observation	Comments of the Management	Recommendation
<p>In terms of Public Finance Circular No.02/2012 dated 07 August 2012 of the Ministry of Finance and Planning and guideline 8.13.4 of the procurement entity should take responsibility to make every professional effort to minimise the contract variances. Nevertheless, there were variances between the quantity of original estimate and the final bill of the repair work of the faculty of science ranging from 14 per cent to 148 per cent of 24 items out of 70 items.</p>	<p>Since various problems arise in contracting repair work they could not be identified prior to the preparation of bill of quantity. Therefore there may be variances between items.</p>	<p>Bills of quantity need to be prepared in a manner minimising the contract price variances as much as possible in terms of procurement guideline and the circulars of the Ministry of Finance and Planning.</p>

3.8 Human Resource Management

Academic Staff

Audit Observation	Comments of the Management	Recommendation
<p>(a) Even though information from 9 Departments had been called for to examine the performance of conducting lectures by the academic staff of the Faculty of Humanities and Social Sciences, only 4 Departments had presented information. According to that information the performance of one lecturer per week ranged from 3 hours to 14.8 hours.</p>	<p>When allocating lecture hours to the lectures within a semester other academic affairs engage by is also considered. A simple procedure is applied for lecturers engage in post graduate studies in allocating lecture hours (to lectures who engage in post graduate studies without taking full time leave). In addition this informal distribution of lecture hours is seen, since the service of other lecturers is taken to cover up duties. This position differs from year to year as well.</p>	<p>Being taken action in terms of the provisions in Circular No. 03/2016 dated 30 December 2016 of the Vice chancellor, the maximum benefit has to be taken from Human Resource.</p>

- (b) According to the Circular No.03/2016 dated 30 December 2016 issued by the Vice Chancellor, on the basis of the Letter No.UGC/AC/QA/GEN dated 07 May 2015 of the Secretary of the University Grant Commission in respect of ethics and academic responsibilities for academic staff, there were instances where lectures had been delivered by the lecturers less than the lectures they have to deliver. eg. 8 lecturers had conducted lectures less than the specific lecture hours ranging from 80 per cent to 13 per cent.
- When lectures engage certain essential duties post graduate research work and study pre-requirement courses for the profession and they engage in such activities without obtaining leave, lesser number of lecture hours are normally allocated to them at the Department Level.
- Action needs to be taken in terms of Circular No.03/2016 of 30 December 2016 of the Vice Chancellor.
- (c) More than 25 per cent of the academic staff in 2 departments of the Faculty of Humanities and Social Sciences had gone on study leave or sabbatical leave.
- When senior lecturers are gone on sabbatical leave in certain occasions junior lecturers are directed for higher education with the agreement of the other lecturers such leave is granted.
- Human resources needs to be utilised at a maximum efficiently.

4. Accountability and Good Governance

4.1 Corporate Plan

Audit Observation	Comments of the Management	Recommendation
(a) According to the Action Plan, 22 new distance courses and 01 online course had been planned to commence by the year 2018 but non of these classes whatsoever had been started during this period.	Generally, all matters include in the action plans are expected to achieve 100 per cent but it is impracticable on various negative impacts cause in the internal environment of the university, the expected results in the action plan could not be achieved as it is.	Plan need to be designed dialectically and the management needs to take action, being self-targets according and achieve them.
(b) According to the corporate plan for the period 2012-2016 the Faculty of Humanities and Social Sciences had planned to begin 06 Distance and continuing Education External Degree Courses, but even one such	Generally, all matters include in the action plans are expected to achieve 100 per cent but it is impracticable on various negative impacts cause in the internal environment of the university, the	Plan need to be designed dialectically and the management needs to take action, being self-targets according and achieve

course whatsoever had not been expected results in the action plan them. commenced. Attention of the could not be achieved as it is. management had not been drawn to implement the matters included in the corporate plan.

4.2 Sustainable Development Goals

Audit Observation	Comments of the Management	Recommendation
<p>There is a tendency that the degree courses in many universities in the world are conducted as online method based on modern Technology. If the University of Ruhuna conducts external degree courses by online method, there is a possibility that those degree courses are open island wide as well as overseas countries. Since, the management has not paid attention to begin such degree courses benefits which should have been gained could not be received to the university as well as to the Society.</p>	<p>Attention have been drawn to conduct courses mixed up in both online system and calling for students (hybrid) system in future.</p>	<p>Many courses in the current world are conducted on online system and they are open to the country and to the world thereby and benefits can be taken therefrom. Therefore, attention needs to be paid in respect of present world tendencies.</p>