

University of Vocational Technology

1. Financial Statements

1:1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the University of Vocational Technology had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 1:2 of this report, the financial statements have been prepared in accordance with Sri Lanka Accounting Standards and give a true and fair view of the state of affairs of the University of Vocational Technology as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

1.2 Comments on Financial Statements

1.2.1 Presentation of Financial Statements

A report containing the accounting deficiencies revealed at a test check of the draft final accounts presented on 25 February 2011 was brought to the notice of the Vice Chancellor of the University on 31 May 2011. The amended accounts after the rectification of those deficiencies had been presented on 14 June 2011.

1.2.2 Sri Lanka Accounting Standards

Even though the lands, buildings, teaching equipment and furniture that belonged to the National Institute of Technical Educations of Sri Lanka should have been taken over by the University in terms of Section 69 (2) (a) of the University of Vocational Technology Act, No. 31 of 2008, those had not been taken over even up to 31 December 2010. Action in terms of Sri Lanka Accounting Standard No. 18 had also not been taken to value and account for the assets.

1.2.3 Accounting Deficiencies

A generator valued at Rs.5,040,000 and the cost of repairs to the Kitchen of the Canteen amounting to Rs.10,478,230 for which payment had not been actually made in the year under review had been capitalized and depreciated in the year.

1.2.4 Accounts Receivable

The following matters were observed.

- (a) It was observed that the sum of Rs. 4,973,727 shown as debtors and balances receivable remained without being settled over periods ranging from 02 to 05 years.
- (b) It was observed that the sum of Rs.3,722,630 receivable from the NORAD Project remained without being settled over a period of about 02 years.
- (c) Legal steps had not been taken for the recovery of a sum of Rs.146,588 receivable as distress loans and special and festival advances receivable from the officers who had resigned from the University.

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

Non- compliances with the following laws, rules, regulations and management decisions were observed.

**Reference to Laws, Rules, Regulations,
etc.**

Non - compliance

**Financial Regulations of the
Democratic Socialist –Republic of Sri
Lanka (FR)**

FR 371

Even though advances should be settled immediately after the completion of the purpose, the delays in the settlement of advances ranged from 39 to 55 days.

Public Enterprises Circulars

Public Enterprises Circular No.PED/25 of 29 July 2004.

A sum of Rs.4,110,000 had been invested without obtaining the approval in accordance with the circular.

Treasury Circulars

Circular No. 01/2004 of 24 February 2004

The Draft Annual Report had not been presented to the Auditor General

2 Financial and Operating Review

2.1 Financial Review

2.1.1 Financial Results

According to the financial statements presented, the working of the University for the year ended 31 December 2010 had resulted in a deficit of Rs.77,602,043 before taking into account the Government grant for recurrent expenditure as compared with the corresponding deficit of Rs.23,719,780 for the preceding period. The deficit for the year had been reduced to Rs.2,938,043 after taking into account the Government grant of Rs.74,664,000 received for the recurrent expenditure of the year under review and the deficit for the preceding period had been reduced to Rs.3,819,780 after taking into account the Government grant of Rs.19,900,000 received for the recurrent expenditure of that period.

2.2 Operating Review

2.2.1 Performance

i Conduct of Lectures

Ten Lecturers and 27 Teaching Assistants are deployed on the academic activities of the University and the following matters were observed in connections with the conduct of lectures by that academic staff.

- a. An examination of the conduct of lectures in the year 2010 in addition to the preparation of the curriculum, it was observed that certain lecturers had conducted lectures covering a very low number of hours while certain other lecturers had not conducted any lectures at all.
- b. Two Teaching Assistants who had proceeded abroad for postgraduate studies from January 2010 to August 2010 had not conducted any lectures at all.

ii Examination of the Courses.

- a. Even though the conduct of lectures for the National Diploma in Engineering Technology in Electrical and Electronics Course had not been supported by Attendance Registers, the teachers had obtained Rs. 360,924 as allowances for lecture hours in addition to their salaries.
- b. Even though the academic periods for the National Diploma in Engineering Technology in Civil, Electrical and Electronic Mechanical Courses are 02 years, coordination allowances amounting to Rs.180,000 had been obtained for the period 2008-2010.
- c. Even though the full course fees should be paid before sitting the examinations, students who had not paid the full course fee had also sat the examinations.

d. National Diploma in Computer Studies

An examination of the Attendance Register of this course for the year 2010 revealed differences between the specified hours and hours of Attendance ranging from 05 hours to 78 hours.

e. National Engineering Certificate in Computer Hardware

According to the Newspaper advertisement dated 02 January 2009 this course was of 100 hours duration. Nevertheless, the Attendance Registers covering the entire 100 hours has not been made available.

- f. (i) It was observed that the results of the students who sat the examinations of the Semesters I and II of the National Diploma in Engineering Technology, in Electrical and Electronics and Civil Engineering for the first time were not satisfactory. Details appear below.

Course -----	Passed -----	Failures -----	Absent -----
National Diploma in Engineering Technology			
Electrical and Electronics			
First Semester	04	17	02
Second Semester	00	19	04
National Diploma in Engineering Technology			
- Civil			
First Semester	03	26	01
Second Semester	07	16	07

- (ii) A reconciliation of the specified number of hours and the students Attendance Registers in respect of the National Diploma in Engineering Technology, Mechanical, Electrical and Electronics presented to audit revealed that the specified number of hours had not been covered.

- (iii) The Attendance Registers for the National Diploma in Engineering Technology (Civil) had not been furnished to audit and as such it was not possible to establish whether the specified number of lecture hours had been performed.
- (iv) A reconciliation of the lecture hours conducted and the results of the examinations according to the information made available to audit revealed that the results of subjects without an adequate coverage of lectures had been unsatisfactory.

Subject	Specified number of lecture hours	Lecture hours conducted	Number of students who sat	Number of Failures
Analog Electronics	75	06	19	16
Telecommunications	75	31 ^{3/4}	19	15

2.2.2 Staff

Even though the Department of Management Services had approved 02 posts Assistant Bursars, three person had been appointed to those posts and a sum of Rs.301,740 had been overpaid in the year under review.

2.2.3 Meetings of the University Council

According to Section 17 of the University of Vocational Technology Act, No.31 of 2008 the Council comprised 20 members and the attendance at the meetings averaged at a very low of 11. Thus it was observed that the contribution of all the members of the Council had not been effectively made for important matters relating to its operation and the decision making process.

2.2.4. Management Inefficiencies

A sum of Rs.906,000 from the current account of the University maintained in the Ratmalana Branch of in People's Bank had been transferred on 26 February 2010 without approval to the current account of the University maintained for its project works. The University had not taken action to rectify that error.

2.2.5 Underutilized Assets

Four colour printers valued at Rs.1,199,900 per printer and a Heat Press Bredermann BVP 2T value at Rs,660,800 received from the Technical Education Development Project on 26 November 2010 remained unused in the stores even by 09 May 2011.

3 Systems and Controls

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

- (a) Conduct of Lectures
- (b) Conduct of Courses
- (c) Assets Management
- (d) Advances