

University of Peradeniya – 2017

The audit of financial statements of the University of Peradeniya for the year ended 31 December 2017, comprising the statement of financial position as at 31 December 2017 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Sections 107 (5) , 108 and 111 of the Universities Act, No. 16 of 1978. My comments and observations which I consider should be published with the Annual Report of the University in terms of Sub-section 108 (1) of the Universities Act appear in this report.

1.2 Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgements, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Section 111 of the Universities Act, No. 16 of 1978 gives discretionary powers to the Auditor General to determine the scope and the extent of the audit.

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my of opinion, except for the effects of the matters described in paragraph 2.2 of the this report, the financial statements give a true and fair view of the financial position of the University of Peradeniya as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The following observations are made.

(a) Sri Lanka Public Sector Accounting Standard 01

In terms of Paragraph 48 of the Standard, although income should not be set off against expenditure unless required or permitted, out of the total income amounted to Rs. 807,612,337 in the income of 578 Funds commenced for various activities of the University, the expenditure amounted to Rs. 829,459,858 was set off and the net value had been shown in the financial performance statements.

(b) Sri Lanka Public Sector Accounting Standard 07

- (i)** As a result of not reviewing the useful life time period for the non- current assets annually in terms of Paragraph 65 of the Standard even though the library books cost at Rs. 652,890,045 were entirely depreciated are further being used. Accordingly, action had not been taken to revise the estimated error occurred in terms of Sri Lanka Public Sector Accounting Standard 03.
- (ii)** The expenditure of Rs. 3,899,479 incurred by the University from 31 December 2017 for the construction of the Kandy and Kurunegala hospitals had been capitalized in the assets of the University as at 31 December 2017 whereas the ownership or existence could not be ascertained.
- (iii)** When property, plant and equipment are being revalued, the total class of property, plant and equipment belonging to those assets should be revalued in terms of Paragraph 49 of the Standard, consisting 04 computers belonging to 06 items of assets valued at Rs.377,240 being used at English Language Unit had not been revalued whilst the revaluation of the assets of the assets of the Faculty of Arts.

2.2.2 Accounting Policies

Even though the total of the balance of donation accounts as at 31 December in the year under review totaled to Rs. 4,690,558,085 and even though the assets related to those donations had been depreciated, an accounting policy to identify the balance of the donation account as the income under a regular basis had not been identified.

2.2.3 Accounting Deficiencies

The following observations are made.

- (a) A sum of Rs. 1,291,366 to be paid to the Commissioner General of Inland Revenue as at 31 December for the year under review had brought to account under “ Donation Fund”.
- (b) As a result of a sum of Rs. 308,669,345 incurred from the University Fund by exceeding the provisions obtained for the capital projects in the year under review had been debited to the unspent capital grant account, that account balance understated by the same amount and the balance of the spent capital account were shown overstated in an equal amount.
- (c) The credit balances amounted to Rs. 258,744 as at 31 December for the year under review in 05 expenditure items were appeared and those balances had not been identified and settled.
- (d) The interest amounted to Rs. 371,290 credited to the bank account directly in respect of a fixed deposit had not been taken in to accounts.
- (e) According to the calculations made in audit, even though the investment income of the year under review was Rs. 110,112,139 , because of that was appeared as Rs. 109,827,896 in the financial performance statement, that income had been understated by Rs. 284,243 .
- (f) The advances amounted to Rs. 6,282,494 had been deducted from interim payment bills relating to 04 construction projects had not been brought to accounts by the University as at 31 December in the year under review .
- (g) Even though a sum of Rs. 45,399 had been shown in the financial statements as the debit balance of the staff loan adjustment account as at 31 December 2014 , actions had not been taken to identify and correct that balance from a period of 03 years.
- (h) Actions had not been taken to recover the lease receivable as at 31 December 2017 totalled to Rs. 18,366,000 from the leasing of lands belonging to the University and taken in to accounts as receivables also had not been made.

2.2.4 Unexplained Differences

Even though the Distress loan balances as per the Register of Loans as at 31 December in the year under review was Rs. 1,020,003 thus indicating that balance as Rs. 1,459,900 in the financial statements a difference of Rs. 439,897 was observed.

2.2.5 Lack of evidence for Audit

As the evidence shown against the following Items of Accounts had not been made available in audit.

Item	Value	Evidence not Made Available
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	Rs.	
(a) Supply services and Other balances of Advance	270,722	Balance confirmations or other Registers of Advances
(b) Debtor Balances	3,552,329	Balance confirmations or Register of Debtors and Age analysis
(c) Stock	3,509,033	Physical Verification Reports
(d) Expenditures in 07 Centres Affiliated to the University	103,375,169	Progress Reports
(e) Materials and equipment provided for maintenance activities	39,082,787	Cost Estimates

	149,790,040	
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(f) Even though the balances of assets existed in 27 ledger accounts cost at Rs. 228,844,650 had been transferred to revaluation account whilst the revaluation of fixed assets in the year 2016 , as the revalued amounts had been debited in to other assets accounts without appearing those accounts again, the accurate values of these assets could not be able to ascertained in audit.

2.3 Accounts receivable and Payable

The following observations are made.

(a) As the contravene of the agreements entered in to with the University by the academic staff who had been in abroad for academic affairs a sum of Rs. 91,020,204 had been recoverable from 127 lecturers as at 31 December 2017. Further, even though more than a 02 year period had elapsed after completion of foreign study leave as per the audit test checks , the value of the Bond amounted to Rs. 22,746,557 relating to 03 lecturers who had not reported back to duties as at 31 December 2017 , had not consisted identifying as receivables in the list of bond violated lecturers.

- (b) Actions had not been taken to settle a sum of Rs. 27,069,573 payable for 07 suppliers as at 31 December 2017 for more than one year period.
- (c) Even though a time period from 01 year to 03 years had elapsed as at 31 December 2017 actions had not been taken to settle the salaries and allowances amounted to Rs. 1,295,973 which was not claimed by 11 in the staff .
- (d) Even though a time period from 02 years to 36 years had elapsed as at 31 December 2017 actions had not been taken to recover the hall charges amounted to Rs. 1,886,950 and the fines amounted to Rs. 5,519,602 receivable from the students of the faculties of the University totalled to Rs. 7,406,552 .
- (e) Even though a time period from 01 years to 16 years had elapsed actions had not been taken to settle a sum of Rs. 2,130,641 belonging to 22 balances provided as supplies, services and salary advances by 31 December 2017.

2.4 Non- compliances with Laws, Rules, Regulations, and Management Decisions

The following Non- compliances with Laws, Rules, Regulations, and Management Decisions were observed.

Reference to Laws, Rules, and Regulations, etc.	Non- compliance
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<p>(a) Financial Regulation of the Democratic Socialist Republic of Sri Lanka</p> <hr/> <p>(i) Financial Regulation 189</p>	<p>Actions had not been taken in terms of Financial Regulations in respect of 25 cheques valued at Rs. 178,343 in 02 bank accounts of the University deposited but not realized from a period of 06 months to 05 years.</p>
<p>(ii) Financial Regulation 571 (c)</p>	<p>Actions had not been taken to deposition of 14 balances of cash in hand which were not settled from the 02 years to 05 years period amounted to Rs. 3,943,797 in terms of Financial Regulation.</p>

(iii) Financial Regulation 770

Even though 18 months had elapsed in respect of the 38 items to be destroyed but should be used after repairing totalled to Rs. 1,714,283 and 39 items which could not be identified at the Board of Survey conducted as at 31 December 2016, actions had not been taken in terms of Financial Regulation.

(b) Treasury Circular No. PF/ FS/ BOARD OF SURVEY/ 02 of 13 November 2009

Actions had not been taken in terms of the Circular in respect of 340 items valued at Rs. 16,355,290 and 337 items whereas the cost could not be identified belonging to various categories recommended to sell after the Board of Survey conducted as at 31 December 2016.

(c) Circular No. 79 of University Grants Commission

It was observed at the audit test checks that 99 fixed assets items from the value of Rs.10 to Rs. 1,000 had been identified and taken in to accounts non-compliance with the Circular.

2.5 Transactions not supported by Adequate Authority

The following observations are made.

- (a)** Even though it was appeared an increase of the deficit of the year 2016 by Rs. 113,459,245, an increase in total liabilities by Rs. 21,945,236 , an increase in equity by Rs. 284,881,302 in the year 2016 appear in the year under review by making corrections of the errors of retrospectively occurred relating to the year 2016 in compliance to the Sri Lanka Public Sector Accounting Standard 03 , the approval of the Governing Council of the University had not been taken to correct that.
- (b)** Even though all the excess money should be invested in fixed deposits , Treasury Bills , short term deposits or other effective investments with the prior approval of the Minister of Finance, in terms of Section 8.2.2 of the Public Enterprises Circular No. PED/ 12 of 02 June 2003 , such an approval accordingly had not been obtained by the University for a sum of Rs. 95,500,000 invested in fixed deposits.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial results of the University during the year under review had resulted in a deficit of Rs. 662,292,910 as compared with the corresponding deficit of Rs. 190,389,026 for the preceding year, thus showing a deterioration of Rs.471,903,884 for the year under review as compared with the preceding year in the financial results. Even though the income of the year had increased by Rs. 50,995,404 as compared with the preceding year the increase of employees' remuneration by Rs. 254,361,495 and depreciation on fixed assets by Rs. 248,875,901 in the year under review had mainly attributed to the increase of the deficit in the financial results above.

In analyzing the financial results of the year under review and 04 preceding years, besides the year 2015 deficits were observed in all the other years and in 2013 it was Rs. 655,872,586 and had increased up to Rs. 662,292,910 in the year 2016. However, when readjusting the employees' remuneration and the depreciation for the non- current assets to the financial result, the contribution of the University amounting to Rs. 2,212,155,421 in the year 2013 had continuously increased up to the year 2016 and it had become Rs.4,135,808,262 in the year under review.

4. Operating Review

4.1 Performance

4.1.1 Performance and Review

The following observations are made.

- (a) The graduate employment rate of the Faculty of Science in the University for the period from the year 2014 to the year 2017 was ranged between 64 per cent to 70 per cent.
- (b) The activities of upgrading the quality of the undergraduate courses to be able to achieve the International Standard Level in 27 Departments functioned in the Faculty of Science as per the Action Plan of the University for the year 2017 had not been completed even by the 30 August 2018.

4.2 Management Activities

The following observations are made.

- (a) Actions had not been taken as per the instructions given by the Letter No. HE/ FIN/ 12/ 06/ PDN dated 30 June 2017 of the Secretary to the Ministry of Higher Education and Roads in respect of the Audit Query issued on 20 June 2017 and 18 July 2017 relating to a financial misappropriation amounted to Rs. 74,663,524 in the Institute of Postgraduate Studies in Science Affiliated to the University.

- (b) Even though expiry date of the firefighting equipment positioned in the 14 places of the Faculty of Science had elapsed more than 10 years period by the 10 February 2018 the date of audit, the attention of the Management had not been drawn for that.
- (c) The following matters were observed while examining the personal file of a Professor of the Faculty of Medicine.
- (i) This doctor who had employed as a doctor under the Ministry of Health had been released from the health service on 16 February 2004 and had reported to the service of the University on 01 January 2004 and the date of appointment could not be verified in audit.
 - (ii) The probation period of that officer had been extended simultaneously for a 03 years period in the No. 390 Government Council held on 25 September 2010 in contrary to the Sub- paragraph 21 of the Paragraph III of the Establishment Code of the University Grant Commission and Higher Education Institutions.
 - (iii) Even though the birth certificate and original copies of education certificates with certified copies should be presented within 06 months period as per the appointment letter , though a 14 year period had elapsed by the date of this report, those documents had not been furnished and the University also had not taken actions to obtain them.
 - (iv) Even though this Professor had entered into agreement for the clinical training for the MRC Psych examination in United States for a period of 39 months from 05 April 2006 to 04 June 2009 on a Security Bond amounted to Rs.3,805,782 despite the relevant requirements not completed, any action had not been taken by the University with regard to that. Nevertheless, based on a request made by her from the United States, the Governing Council of the University had taken actions on 10 October 2008 to extend the foresaid agreement for a period of 3 months and 09 days for the practical training required for the PHD Degree of the Melbourne University of Australia.
 - (v) In terms of Section 01 (c) of the Trade, Tarff and Investment Policy Circular No. 01/ 2010 of 10 December 2010 of Secretary of Finance and Planning it had been appeared that there was a right for obtaining of permit for importation of a motor vehicle on tax concessions for the officers who had completed 12 years active service period and being permanent of their posts in the academic staff of the Government Universities. Nevertheless a motor vehicle permit had been issued to this Doctor in contrary to that despite only 07 years period completed as at 05 July 2011.

4.3 Payments made in contrary to the Objectives

 A sum of Rs. 7,421,683 had been spent by the University in contrary to the objectives and the activities of the University for the development activities of the hospitals of Kandy and Kurunegala belonging to the Ministry of Health.

4.4 Operational Activities

The following observations are made.

- (a) As per the Criteria 7 of the Hand Book issued in the month of December 2015 by the University Grant Commission with regard to the reviewing of the graduate study courses of Universities of Sri Lanka and higher education institutes the approval of the Senate of the University should be taken preparing the methodologies followed in respect of designing the examinations, setting question papers, moderating them , marking papers, grading, monitoring and reviewing and although actions should be taken to draw attention of the academic staff of the University and the students, the faculty of Arts had not functioned accordingly.
- (b) Although the methodologies should be introduced for maintaining quality and reliable student activities evaluation process using expert external personnel to the institute for evaluation of papers or/and introduce methodologies for second marking of answer papers, actions had not been taken to obtain the co-operation of the external expertise personnel by the all the Departments implemented under the faculty of Arts. Further, it could not be able to disclose sufficient evidences in audit as the second markings of the answer papers were conducted by the economics, law, sociology and archeology academic Departments.
- (c) Even though it should be assured that the academic staff engaged in , in the process of evaluation of students were the experts for hold those responsibilities as per the Hand Book mentioned in (a) above , as it was revealed in audit test checks that the temporary academic staff employed at 03 Departments had occupied in setting of question papers , moderating , marking the answer papers. However it was observed that those lecturers had resigned from the service as at 04 September 2018 the date of audit.

4.5 Idle and Underutilized Assets

The following observations are made.

- (a) By the equipment called Urodynamic System with Accessories purchased on 20 August 2015 for a sum of Rs. 7,595,150 by the Department of Medicine in the Faculty of Medicine had been utilized to examine only 07 patients by the 10 February 2017. It was observed that a sum of Rs. 12,000 is being charged from a patient by the university and this equipment purchased incurring Rs. 7,595,150 had been underutilized for more than two years.
- (b) The equipment of JASCO FTIR Spectro Photometer received to the Department of the Chemistry in the Faculty of Science in the year 2000 from Japan had been in unusable condition as the air condition system broken down in the office in the year 2006 and it had been in idle for 12 years without taking actions to repair it . Further, those equipment had not been taken into Inventory.

- (c) The vehicle maintenance unit which was conducted for the student's practical trainings and vehicle repairs in the University was closed on 17 February 2017 and the 06 employees attached to that had been assigned to various faculties without an assignment and the foresaid equipment and tools amounting to Rs. 511,953 allocated to the Works department had been in idle for a 10 months period.
- (d) As the required infrastructure facilities were not provided in 04 students' hostels valued at Rs. 875,752,824 handed over to the University after the completion of the construction works during the period from 18 September 2016 to 18 February 2018 , those hostels could not be able to provide for the benefits of the students even by the 10 September 2018 .

4.6 Identified Losses

The following observations are made.

- (a) According to the Circular No. 871 of 11 January 2006 issued by the University Grant Commission in contrary to the Employee Provident Fund Act No. 46 of 1980 , as the Cost of Living Allowance not considered whilst the calculations of the Employee Provident Fund, the University had to pay a surcharge amounted to Rs. 3,136,592 .
- (b) Mobilization Advances totalled to Rs. 2,387,929 had been granted to contractors on 15 December 2011 and 22 December 2016 respectively for the construction of the in Faculty of Allied Health and the constructions of colonnades in Faculty of Management . Nevertheless, the construction works of the Faculty of Health had been abandoned by the date of 04 June 2015 and the construction works of the Faculty of Management had been abandoned without commencing the construction works. However, due to the fact that the Security Advance obtained relating to those contracts had not financed before the expiration date a loss had occurred to the University by that amount.

4.7 Staff Administration

The following observations are made.

- (a) Even though as all the posts which have remained in vacant should be abolished except for those vacancies due to a shortage of the expertise required for those posts in terms of Section 9.10 of the Circular of the Director General Public Enterprises No. PED /12 of 02 June 2003, without taking actions to fill or abolish the 249 vacancies which does not consider the expertise in the approved cadre had been remained continuously as vacancies were observed.
- (b) Three posts of the approved cadre of the University had been occupied on contract basis without made permanent appointments.
- (c) From Rs, 16,000 to Rs. 175,000 had been paid as allowances by 31 December 2017 recruiting 14 officers on contract basis during the period from 1990 to 2017 in contrary to the Section 9.10 of the Circular of the Director General Public Enterprises No. PED /12 of 02 June 2003.

- (d) A sum of Rs. 5,519,589 as salaries and allowances and a sum of Rs. 704,226 had been paid for various funds from October 2016 recruiting 24 Security Officers to the permanent cadre by the University in contrary to the Paragraph 11 of the Cabinet Decision No. 403/15/1528/713/010 of 03 December 2015 of Cabinet Secretary . Further, actions had been taken to increase the number of Security Officers from 82 to 114 in contrary to the above Cabinet Decision by the Letter No. DMS/0011/PDN of 18 May 2017 of the Salaries and Cadre Commission.

5. Sustainable Development

5.1 Achievement of Sustainable Development Goals

Even though the University had been aware with respect to the United Nations year 2030 “Agenda” and the Circular No. NP/ SP/ SDG/ 17 of 14 August 2017 issued by the Secretary to the National Policy and Economic Affairs , it had not been identified the sustainable development goals and targets relating to the activities thereof, achieving those targets and the indicators for evaluating the achievement of such targets.

6. Accountability and Good Governance

6.1 Procurement and Contract Procedure

6.1 .1 Procurement

The following observations are made.

- (a) Even though Procurement Plan should be prepared at the beginning of the year obtaining the approval and performed accordingly with the objective of efficiently, timely and obtaining maximum economical advantages in the procurement process and the approval of the Governing Council for the Procurement Plan had not been taken by the University for the year 2017 and the approval of the Governing Council had been obtained on 29 August 2017 for the Procurement Plan which was revised on 19 July 2017 .
- (b) The Procurement Plan prepared for the year 2017 had not been prepared as per the Format in terms of Section 4.2.1 of the Procurement Guideline and due to that it was impossible to examine whether the procurement process had been carried out within the certain time period in priority order .
- (c) Even though a sum of Rs. 1,170,000,000 had been allocated for 04 groups as per the Budget 2017 as an estimated cost amounting Rs. 7,544,150,000 had been consisted for those 04 groups according to that Procurement Plan, it was observed that the Procurement Plan had not been prepared conforming to the Budget Estimate.

6.1.2 Deficiencies in Contract Administration

The following observations are made.

- (a) The following observations were made at the examination of the construction of a Common Room for the students of the Faculty of Arts .
 - (i) Even though it had been planned to develop the semi- permanent building maintained for a construction of a Common Room for the students , as it had occurred to enroll additional number of students as per a Court Order for the year 2013 incurring Rs. 10,895,120 the University had impossible to complete the construction works of this building until it had exceeded 02 years period of completion of the academic activities of the relevant students.
 - (ii) As the it had not carried out the evaluation of the bids received in detail in terms Section 7.9.1 of the Procurement Guideline 2006 ,though the variances had appeared in 16 items of the Engineer's Estimate from 100 per cent to 900 per cent actions had been taken to offer the contract without drawn the attention with regard to that.
- (b) As it was not used the standard specifications of Construction Industrial Development Institute a sum of Rs. 145,535 and as it was not used the Building Schedule of Rate of Central Provincial Council ,a sum of Rs. 251,763 also had been over estimated whilst the checking of 03 items of the relevant estimate related to the contract of renovation of laboratory building in the Production Engineering Department which got fired amounted to Rs. 13,622,900 . Further, 20 items valued at Rs. 3,264,125 included in agreed Bill of Quantity with regard to this construction had been removed due to various matters.

6.1.3 Delayed Projects

The following observations are made.

- (a) As the rehabilitation projects had not been planned and implemented under a proper supervision and a control being conformed with the Annual Budget , even though the agreement period of 37 rehabilitation projects valued at Rs. 244,891,745 commenced during the period from the year 2014 to the year 2017 had exceeded by the 31 December 2017 , works had not been completed. Further, the works of 11 rehabilitation projects granted during the above period valued at Rs. 33,800,832 had not been commenced even by the 31 December 2017 .
- (b) Nine new construction projects valued at Rs. 2,464,881,408 had exceeded the due date to be handed over to the University during the period from the year 2012 to the year 2016 after completion , actions had not been carried out to obtain to the University even by the 31 December 2017 .
- (c) Even though the provisions amounted to Rs. 86,000,000 had been granted for 05 construction projects planned to construct under the Treasury Grants of the year 2017 had not been implemented by the University.

6.2 Budgetary Control

Even though the Revised Budget, approved by the Governing Council should be furnished to the Department of Public Enterprises, Treasury ,relevant Ministry and the Auditor General before the of 15 days of commencement of the relevant year in terms of the Paragraph 8.1.3 of the Public Enterprises Circular No. PED/ 12 of 02 June 2003, the approval of the Governing Council for the Revised Budget of the year 2017 had been taken on 03 May 2018

6.3 Unresolved Audit paragraphs

The following observations are made.

- (i) Actions had not been taken to acquire the lands in extent 73 acres and 53.4 perches to the University maintained 03 Faculties by the University therein and include the value of them in the financial statements properly .
- (ii) Without confirmation of being employed in the service by recording the arrival and departure in an Register of Attendance or Finger Print Machine, a sum of Rs. 2,287,733,499 had been paid as salaries and allowances to the 849 officers and lecturers in the year 2017 .
- (iii) The loss occurred to the University Fund in the year 2017 because of consideration of the study scholarships whilst the calculation of University Trust Fund and Employee Provident Fund was Rs. 93,213,994.

6.4 Performing of Social responsibility

Even though obtaining Environment Security License to emit or discharge the waste and actions should be carried out according to that in terms of First Part of the Gazette Extraordinary No. 1534/ 18 of 01 February 2008 chemicals, and non- decayed materials used and discarded from the laboratories of the University had been removed to a pit which was dig in the University premises. Further, due to the sewage systems of the 03 hostels was not properly functioned , had been released to the environment improperly.

7. Systems and Control

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

**Areas of Systems and
Controls**

Observations

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(a)	Accounting	Not following certain Sri Lanka Public Sector Accounting Standard accurately.
(b)	Control of Debtors and Creditors	Actions not taken to settle the receivable and payable accounts
(c)	Procurement	Not following certain Procurement Guidelines
(d)	Assets Control	Actions not taken in respect of idle assets
(e)	Contract Administration	Not implementing certain construction works as per the agreements