

1.1 Qualified Opinion

The audit of the financial statements of the **University of Ruhuna** for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and 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 2018, 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 Non-compliance with Sri Lanka Public Sector Accounting Standards

Non-compliance with Reference to the Relevant Standard	Comments of the Management	Recommendation
(a) Without being complied with the Paragraph 99 of Sri Lanka Public Sector Accounting Standards 01, rental income of Rs.4,033,060 received by renting properties of the University had been credited to a Fund account without being adjusted to the income and expenditure account. The balance of that account as at the end of the year under review stood at Rs.11,229,993.	It is informed that the aforesaid Fund has been established upon the receipt of approval of the 304 and 314 Council sessions for the Guidelines prepared based on the Internal Circular No.2009/01 and the income received and expenditure incurred thereafter has been brought to account under that Fund account.	All income and expenditure pertaining to the year should be included in the statement of financial performance.
(b) Without being taken steps in accordance with the Paragraph 26 of Sri Lanka Public Sector Accounting Standards 07, the net value of the assets of which the purchasing value amounted to Rs.2,154,806 and received as a donation to the University during the year under review had been included in the financial statements as zero in value.	In terms of Section 23 of Sri Lanka Public Sector Accounting Standards 07, in the acquisition any Property, Plant and Equipment through a Non Exchange Transaction, the fair value as at the date of acquisition shall be recognized as the cost of that assets. Nevertheless, financial grants have been made to the University for the	Although implementation of this project and purchase of assets for that project had been carried out by the University, inclusion of such assets in the financial statements is carried out at the time of handing over the project in the name of

objectives of the projects cited by the Audit and the University of Ruhuna has purchased the assets. Since the University possesses all the details including costs of the assets purchased by the University through the above project, the assets purchased by this project are not subject to the donations received through a Non Exchange Transaction.

University on its completion. Therefore, since the assets the net value of which had become zero in value as at that date further remain usable, the fair value of those assets should be included in the financial statements.

(c) Residual value of 11 items of assets costing Rs.954,572,294 had been stated in the financial statement without being taken steps in accordance with the Paragraph 65 of Sri Lanka Public Sector Accounting Standards 07.

According to the instructions in the University Grants Commission Circular No.649 and the accounting practices, the useful life of the assets has been taken into account. In accordance with Section 65 of the Sri Lanka Accounting Standard 7, the adjustment of previous estimates change shall be taken into account only if such change is applicable not only to the cost of the assets which are zero in value, but also the entire class of assets.

The net value of most of the assets included in these class of assets is zero in value. Since the net value of other assets is also nearing to be zero, there is a vast gap between the residual value and the useful life of all the assets and as such, action should be taken in accordance with Paragraph 65 of the Standard 07.

1.5.2 Accounting Deficiencies

Audit Observations	Comments of the Management	Recommendation
(a) The liquidated damages of Rs.10,044,379 recovered for the year under review on breaching agreements relating to constructions and supplies had been shown in the balance sheet as a liability without being crediting to the Income and Expenditure Account. The balance of this account by the end of the year under review amounted to Rs.62,486,253.	According to the Sri Lanka Accounting Standards, the Statement of Income is prepared for the computation of operating results applicable to particular period of time and in the preparation of Statement of Expenditure, the income generated from the operating activities, that is, the income of recurrent nature should be credited to the Income and Expenditure Account. Accordingly, the liquidated	Even though the above expenditure is an income generated from the expenditure in capital nature, all the capital expenditure of the University are capital activities involved in the operating activities. Therefore, the income generated from these expenditure should be included in the statement of financial performance

damages relevant to the expenditure on constructions and capital supplies as pointed out by the Audit is not an income generated from the operating activities and as such, a necessity is not arisen to credit it to the Statement of Income . Further, there is an obligation to refund the charges recovered due to breaching agreements to the relevant parties on producing reasonable grounds and therefore, it has been stated as a liability in the statement of financial position.

- of the year. The objective of entering into an agreement by two parties is to seek relief to the aggrieved party in case any Section of the agreement is breached by the other party. Accordingly, there is no obligation to refund any charges recovered and as such, it should be recognized as an income.
- (b) Training equipment worth Rs.6,609,372 purchased from the Elective Student Fund established for the training of foreign students of the Medical Faculty had not been shown in the financial statements. The value of training equipment worth Rs.6,609,372 pointed out by you and mistakenly omitted from the financial statements has been capitalized through the Journal Entry No.MEJ015 and the relevant amendments have been made in the financial statements, 2019. Immediately after carrying out a transaction, it should be brought to account.
- (c) Without being taken action in accordance with the State Finance Circular No.02/2015 10 July 2015, the proceeds of the sale of vehicles had been credited to a Fund established for the sale of vehicles. The balance of the above Fund as at the end of the year under review stood at Rs.4,787,065. Since an adequate amount of annual provisions is not received from the Treasury, the above money has been retained and necessary steps will be taken to credit the proceeds received from the sale of vehicles to the Consolidated Fund in future. Since the above instruction has been issued by a special Circular, action should be taken accordingly.
- (d) Although the depreciation value of the intangible assets for the year under review should be Rs.2,578,592, it had been understated by Rs.426,786 and indicated as Rs.2,151,806 in the financial statements. The Audit observation is accepted. Relevant corrections will be made in the financial statements, 2019. Depreciation should be correctly adjusted relating to the year.
- (e) The funds generated from the provisions granted by the General Treasury to the University had been invested in fixed deposit accounts Even though the Audit had stated that the funds generated from the provisions granted by the General Treasury to the Since the Integrated Fund and the funds recovered due to breach of agreements and

and without being recognized the annual interest income of Rs.26,392,852 received thereon as an income in the annual income statement, it had been credited to each fund account. The balances of those accounts as at the end of the year under review amounted to Rs.36,876,083.

University had been invested in the fixed deposit accounts and earned interests, it is brought to the notice of the Audit that the interest income of the University Integrated Fund are not the interest income generated from the investments made in fixed deposits.

bonds, and funds recovered from the foreign undergraduates are the segments of the Consolidated Fund, the income generated from these Funds should be recognized as income in the Statement of Income.

It is brought to the notice of the Audit that the money invested in the fixed deposits have been collected from the funds recovered from the breach of agreements and bonds, funds recovered from the foreign undergraduates and the funds earned from the supply of external services.

1.6 Accounts Receivable and Payable

1.6.1 Funds Receivable

Audit Observation

The receivable balance of Rs.83,950 existed in the People’s Bank Duty Account relating to the period from 2012 to 2017 had not been recovered even by the end of the year under review.

Comments of the Management

Necessary steps will be taken to settle the relevant balances in future.

Recommendation

Action should be taken expeditiously to recover those balances.

1.6.2 Funds Payable

Audit Observation

(a) The Debtors balance of Rs.4,566,031 recognized in the years 2015,2016 and 2017 had not been settled even by the end of the year under review.

Comments of the Management

The Supply Division has been informed on the relevant debtor balance. Necessary steps will be taken to settle that balance in future.

Recommendation

Action should be taken immediately to settle the loan balances that remained outstanding over a long period.

- (b) The unpaid balance of bursary amounting to Rs.9,758,750 stated under the liabilities included a bursary balance of Rs.9,535,050 unpaid during the period from 2011 to 2015. Although these bursary balances had not been claimed by the year under review, action had not been taken to settle them by involving in the institution which had made the provisions.
- The monies existed in the relevant unpaid bursary balance have not been maintained in a separate account. Since funds for recurrent expenditure were not received adequately in the preceding years, those funds have been used for the recurrent payments. Action will be taken to settle the relevant amount to the institution that made the relevant provisions once the funds are collected adequately.
- Since this provisions are made for a separate activity, it cannot be used for another purpose. If the provisions are not used for the relevant purpose, it should be returned to the institution that made the relevant provisions.

1.6.3 Advances

Audit Observation	Comments of the Management	Recommendation
Even though a period from 08 to 12 years had elapsed from placing orders for books for a balance of Rs.540,466 out of the library book advance balance (foreign) of Rs.564,029, the management had not taken necessary steps to settle those balances.	An internal audit has been conducted in this connection and it is notified that future steps will be taken in accordance with the recommendations of that report.	Action should be taken to settle the existed advance balance immediately after the end of the relevant period.

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

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Management	Recommendation
(a) University Grants Commission Circular No.04/2015 dated 05 May 2015.	The participation of the University's top management in the Quality Assurance Management Board meetings of the University of Ruhuna conducted from the year 2016 up to September of the year under review remained at a minimum range from 19 per cent to 55 per cent according to each post.	Recommendations for various matters are made at the Quality Assurance Management Committee meetings. The recommendations thus made are referred to the Senate and the Council and the Senate and the Council take relevant decisions. As such, quorum is not a problematic matter for taking decisions.	Since representation of the management is of paramount importance to make more effective the recommendations forwarded to the Council, action should be taken in accordance with the Circular.

- (b) Section 5.2 of the By-law without number of 2015. The number of Quality Assurance Circle meeting sessions conducted by each Faculty in the years 2016, 2017 and 2018 had stood from 01 to 08 per annum. The Chairmen of the Quality Assurance Circle of the Faculties will be educated in this connection and action will be taken to inform to ensure the participation in the Quality Assurance Circles as indicated in the By-law. Quality Assurance Circles should be conducted at least once in every month and those Circles should ensure mediation in taking decisions relating to upgrade the standard of the University.

1.8 Financial Management

Audit Observation	Comments of the Management	Recommendation
(a) Action in terms of Financial Regulation 571 had not been taken in respect of tender deposits of Rs.369,720 identified in the year 2016 and retaining deposits of Rs.26,837,282 relating to the period from the year 2012 to 2016.	Since most of the tender deposits and retaining deposits pointed out by the Audit bear an obligation for refunding, those had not been considered as lapsed deposits and the Heads of Departments concerned have been informed to take necessary steps to release the relevant deposits.	Action should be taken as per the Financial Regulations on the lapsed deposits.
(b) Without being taken steps in terms of Financial Regulation 381, two bank accounts had been opened in the year 2017. The balance of these two accounts had totalled Rs.5,226,403 by the end of the year under review.	Although it has been stated according to the Financial Statement 381 that the approval of the Treasury should be obtained to open an Official Bank Account, these are not the bank current accounts and any cheque transaction is not made through these accounts. Further, Treasury funds are not used in this connection and these are not the Official Bank Account. Therefore, Treasury approval has not been sought.	Since every bank account opened by a Government institution is an Official Bank Account, an Official Bank Account cannot be opened without being obtained approval of the Treasury as per the Financial Regulations.
(c) In terms of Section 11 of the Finance Act No.38 of 1971 and Paragraph (xv) of Section 02 of Section 45 of the Universities Act, No.16 of 1978, no funds should be invested without concurrence of the Minister of Finance and the Minister	The investments pointed out by the Audit have been made under the authority of the Council in terms of Paragraphs II and XV of Section 02 of 45 of the Universities Act subject to various approval according to	Action should be taken in terms of Finance Act.

of Higher Education. Nevertheless, the objectives of each Fund and without being complied with that, action will be taken to obtained money existed in various Funds Treasury approval in this accounts and had been invested in connection. the fixed deposits and as the financial market investment funds. The balance thereof as at the end of the year under review amounted to Rs.260,362,433.

2. Financial Review

Financial Results

The operations of the University for the year under review had resulted in a deficit of Rs.134,979,328 as compared with the corresponding deficit of Rs.217,329,657 in the preceding year, thus observing an improvement of Rs.82,350,329 in the financial results as compared with the preceding year. The receipt of recurrent grants of Rs.438,700,000 in excess had mainly attributed to the above improvement.

3. Operating Review

3.1 Uneconomic Transactions

Audit Observation -----	Comments of the Management -----	Recommendation -----
Four lecturers who had obtained Government financial aids and full pay academic leave to complete their higher education qualifications had not completed relevant degrees. Action had not been taken to recover the money recoverable from these lecturers.	The 388 Council held on 11.02.2019 decided to recover the dues. It has been informed through the letters and necessary steps are being taken to make the relevant recoveries.	Action should be taken to enter into agreement with the lecturers when referring them to complete their higher education qualification and recover the due amount forthwith in case, the agreement is breached.

3.2 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) There are 20 official quarters in the Faculty of Medicine and 28 official quarters in the Faculty of Engineering. Albeit, a waiting list had not been maintained relating to the quarters. Although some quarters had been occupied over 01 to 12 years exceeding 05 years, action had not been taken according to the agreements.	In granting official quarters, a waiting list is not maintained relating to the quarters on the assumption that the applicant will reside in the quarters during the relevant 05 years. Lease agreements have been signed for 05 years from the year 2016. Accordingly, necessary steps will be taken to evict the residents who have completed the 05 years period according to the relevant agreement.	Action should be taken to maintain a waiting list on official quarters in an updated manner to provide quarters for the officers who are in the need of the quarters.
(b) There is no Stores Officer in charge of the fuel and the Electricity Administrator obtains fuel as per the fuel order by from the fuel station and records in the fuel issuing register maintained by him. The control system adopted in obtaining fuel remained at a poor position.	Since the form used in filling fuel to the generator is signed by an officer in the Security Division this position can be minimized.	The procedure adopted in obtaining and issuing fuel should be changed and possible irregularities should be averted.

3.3 Operating Inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) The research report relevant to the research grants totalling Rs.281,100 awarded to one lecturer in the year 2015 and two lecturers in the year 2016 of the Faculty of Science had not been presented even by the end of the year under review.	Professor Mrs. W.T.S.D Premachandra is further engaging in her research activities and she is on sabbatical leave. Dr.N.K. Kalutarage had not completed his research activities up to date and Professor S. Abeysinghe is on leave at present.	In granting research allowances, it should be done by taking into consideration topics and timeliness of the researches and the particulars on the completion of previous researches by the relevant officer.

- (b) With the use of income annually earned by providing various services, 02 Medical Faculty Development Funds and 04 Engineering Faculty Development Funds had been established and surplus balance of Rs.131,063,381 could be observed in those Funds by the end of the year under review. Those Development Funds remained idle without being utilized for development activities.
- The officers concerned have been informed to utilize funds subject to the criteria and budgets of the Fund. The Guideline relating to the use of these Faculty Development Funds had not been prepared at that time and the relevant Guidelines have been prepared at present.
- Funds should be effectively utilized in accordance with the objectives of the establishment of such Funds.
- (c) The ownership of the two-wheeler tractor donated by the New Innovation Commission in the year 2007 had been registered in the name of a Professor of the Department.
- Action is being taken to vest the ownership of this two-wheeler tractor in the University.
- Assets received from the projects should be vested in the University at the time of receipt of the relevant assets.

3.4 Transactions of Contentious Nature

Audit Observation	Comments of the Management	Recommendation
-----	-----	-----
Out of the provisions allocated for the Ruhunu University Urban Development Project in the preceding years, a sum of Rs.82,000,000 or 89 per cent had been spent for acquiring capital assets which had not any relevance to the objective of the project.	Since the relevant project was not at the expected physical level, funds have been transferred among the Capital Objects subject to the Council approval.	Since this project has been specified as a basic component in the proposal made for obtaining provisions of the Treasury, total provisions including the provisions required for that project are released by the Treasury. These provisions cannot be utilized for another purpose under the approval of the Council.

3.5 Underutilization of Funds

Audit Observation -----	Comments of the Management -----	Recommendation -----
(a) There was a balance of Rs.64,731,287 in the Medical Faculty Development Fund bearing No.ICO 3019 by the end of the year under review and without being utilized those funds, capital purchasing had been made by allocating Capital provisions from the General Treasury.	It is expected to incur expenditure on the recommendations of the Faculty Boards by taking into consideration the requirements of the Departments in future.	Without being retained monies in the Funds established by the University, those should be effectively utilized.
(b) Out of the research grants balance totalling Rs.36,461,805 stated in the financial statements, a research grants balance of Rs.4,992,293 had remained underutilized over a period from 02 years to 5 years.	The officers concerned have been acknowledged to utilize the underutilized research grants and funds subject to the criteria and the budgets of the Fund.	Research grants should be effectively used while referring the lecturers to conduct researches by identifying the areas which should be given priority.
(c) A balance totalling Rs.431,736,872 was available in the Prices and Donation Account included in the Financial Statements and out of those accounts, 26 accounts remained dormant over a period from 02 years to 05 years. The balance of those dormant accounts as at the end of the year under review had totalled Rs.26,428,622.	The relevant party has been acknowledged to utilize the funds available in the underutilized Prices and Donation Account subject to the criteria and the budgets.	Action should be taken to seek solutions immediately to the balances available in the underutilized accounts by looking into the facts on those balances.

3.6 Procurement Management

Audit Observation	Comments of the Management	Recommendation
(a) Without being complied with the State Finance Circular No.02/2012 dated 07 August 2012 of the Ministry of Finance and Planning and Guideline 8.13.4 of the Government Procurement Guidelines, quantity variation of 07 work items of the work relating to repair the cafeteria and painting the building of the Faculty of Medicine had ranged from 13 per cent to 112 per cent.	Although a specific value can be stated for an item indicated in Bill Quantity of a main construction, it is found practically difficult to compute such specific value for rehabilitation activities and in such instances, approximations are made in the Bill of Quantity in general. However, payments for the bills are made according to the measures and Pay method.	In carrying out any construction or renovation, Bills of Quantities should be prepared so as to minimize the quantity variations after being conducted thorough study on the work and determining relevant work items.
(b) Without being complied with the Guideline 4.1.1(c) of the Government Procurement Guidelines, procurements worth Rs.225,032,110 had been made exceeding the total provisions made for 16 Capital Objects during the year under review.	Although the Audit had stated that procurements had been made exceeding the provisions made for 16 Capital Objects. It is brought to the notice of the Audit that any Capital Object other than the 04 Capital Objects mentioned above had not exceeded the Total Coat estimate. In certain instances, excesses or savings of the annual allocations occur in expenditure head of each Capital Project when payments have to be made for the projects which have achieved more physical progress than the financial estimate. Further, it is brought to the attention of the Audit that the capital expenditure excessively incurred in the current year will be covered in the receipt of combined capital provisions in the following year.	Procurements should be made in accordance with the Procurement Guidelines while taking into consideration the number of procurements of the year.

- (c) Since the factors that should be paid attention when taking decisions regarding making purchasing in relation to the environmental conditions close to the sea had not been considered in purchasing 14 Standard 3 Seated Lobby Chairs at a cost of Rs.263,074 in the year 2017 for the Faculty of Management and Finance, those had been corroded and damaged beyond further use even by the year under review.
- Since the lobby of the Faculty Building had directly exposed to the sea wind, those chairs had been subject to corrosion within short period of time. However, it was noted down to pay special attention on those matters in purchasing necessary equipment to the Faculty in future.
- In making purchases, recommendation thereon should be made while taking into consideration the relevant purpose and suitability with the purpose, and the environmental conditions.

3.7 Human Resource Management

(a) Academic Staff

Audit Observation	Comments of the Management	Recommendation
Approved 04 posts of Professor of the Faculty of Engineering had fallen vacant and there were 154 vacancies of the post of Lecturer in the 09 Faculties of the University and out of which the number of vacancies of the Faculty of Medicine, Faculty of Technology and the Faculty of Science stood at 31,23 and 22 respectively.	Even though applications have been invited for the vacancies of the Faculty of Engineering, anyone had not forwarded applications for the post of Professor of that Faculty. Applications for the vacancies available in the Faculty of Medicine, Faculty of Technology and the Faculty of Science have been called for and relevant initial activities are in progress.	Action should be taken to fill the vacancies immediately and thereby direct the human resource towards the vision of the University.

(b) Non-academic Staff

Audit Observation	Comments of the Management	Recommendation
There were 14 vacancies of Staff Grade, 156 vacancies of Non-staff Grade and 74 vacancies of the minor employees relating to the non-academic staff.	It is informed that the recruitment activities are in progress for these vacancies at present.	Action should be taken to fill the vacancies immediately and thereby direct the human resource towards the vision of the University.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation

In the preparation of Action Plan in terms of State Finance Circular No.01/2014 dated 17 February 2014, it had not been prepared so as to include the organizational structure of the University, details of the approved cadre and actual cadre, the budget for the relevant year and the Action Plan, Procurement Plan and the Internal Audit Plan prepared in order of priority based on the annual budget.

Comments of the Management

Corporate Plan from 2019-2023 has been prepared and the Action Plan relating to the achievement of objectives included therein has been prepared.

Recommendation

Action Plan should be prepared in accordance with the Circular.

4.2 Internal Audit

Audit Observation

An internal Audit Unit consisting of 06 officers had been established and action had not been taken to assign duties to the officers through a duty assignment list so as to cover the Audit Plan prepared for the year 2018. Action had not been taken to update the Audit Plan in the year 2019 to cover the audit areas which had not been covered in the year 2018.

Comments of the Management

It is kindly informed that duties have been assigned to all the officers in the Internal Audit Unit. Further, it is kindly informed that the Internal Audit Plans for the years 2018 and 2019 have been prepared in terms of F.R.134 (2).

Recommendation

Action should be taken to assign duties to the officers through a duty assignment list so as to cover the Audit Plan of the year.

4.3 Budgetary Control

Audit Observation	Comments of the Management	Recommendation
----- According to the Budget for the 2017, a sum of Rs.117,000,000 had been allocated for renovations and capital assets. Notwithstanding the allocation of inadequate provisions for the preceding year, the amount allocated for the year 2018 had been Rs.75,000,000 or an amount less than Rs. 42,000,000 of the provisions allocated in the preceding year. The expenditure thereof had been Rs.135,354,653 or 80 per cent exceeding the estimate even by 30 September 2018. Accordingly, it was observed that the estimates had not been prepared realistically.	----- The expenditure incurred on capital assets rehabilitation upon Treasury provisions for the year 2018 had stood at 45 per cent exceeding the estimate and it is expected to cover the above overspent provisions from the capital grants allocated in the year 2019.	----- Estimates should be prepared in realistic manner.

4.4 Environmental Issues

Audit Observation	Comments of the Management	Recommendation
----- The disposal of garbage of the University had been entrusted to the Target Environmental Service and according to the service agreement, garbage should be disposed of after segregating those garbage as degradable and non-degradable waste. Nevertheless, it was observed that garbage of the University of Ruhuna had been handed over to the Kotawila garbage disposal site without doing any segregation.	----- The Target Environment Service institute has been instructed to dispose the garbage after being segregated. A project has been initiated to install plastic bins at 10 locations at the Wellamadama complex.	----- University should ensure its mediation in the waste management process through the implementation of environmental friendly programmes.