

1.1 Qualified Opinion

The audit of the financial statements of the Sabaragamuwa University of Sri Lanka 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 Universities Act No. 16 of 1978 . 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 Paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Sabaragamuwa University of Sri Lanka as at 31 December 2018, and of its financial performance and its 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 based 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 Institute'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 Institution or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Sabaragamuwa University of Sri Lanka financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the University is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

1.4 Scope of Audit (Auditor's Responsibility in Auditing Financial Statements)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism 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 to cease to continue as a going concern.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following.

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the University, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Institute has complied with applicable written law, or other general or special directions issued by the governing body of the University ;
- Whether the it has performed according to its powers, functions and duties; and

- Whether the resources 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.

1.5.2 Non - compliance with Sri Lanka Public Sector Accounting Standards

Non- compliance with Reference to Relevant Standard	Comments given by the Management	Recommendation
(a) As a result of a sum of Rs. 317,927,747 paid for the purchase of fixed assets during the year under review stated as Rs. 315,740,727 in terms of Standard No. 02 under the investment activities in the cash flow statement, the cash outflows generated from investment activities had been	Actions will be taken to correct this error in future.	Accounts should be corrected as per the Accounting Standards.

understated by a sum of Rs. 2,187,020. A sum of Rs. 680,825 paid for the purchase of livestock had not been stated in the cash flow statement under investment activities.

- (b) As a result of not reviewing the effective lifetime annually for non-current assets cost at Rs. 760,570,621 which were fully depreciated and further being in used in terms of Standard 07, the difference in the accounting estimates of those fixed assets had not been brought to accounts in accordance with the Sri Lanka Public Sector Accounting Standards 03.
- This deficiency will be corrected as soon as the Register of Fixed Assets is updated in future.
- Accounts should be corrected as per the Accounting Standards.
- (c) The financial irregularity amounted to Rs. 189,303 of the Faculty of Agriculture whereas the Judicial actions were taken and brought forward as receivable before the year 2008 had not been disclosed in the financial statements in terms of Standard No. 01
- A case is already in progress in Badulla Courts regarding this financial irregularity.
- Disclosure of financial statements should be made in accordance with the Accounting Standards.

1.5.3. Accounting Deficiencies

Audit Observation	Comments given by the Management	Recommendation
<p>(a) The value of fifty nine types of medical and office equipment donated to the Faculty of Medicine by an outside party and 12 types of consumer goods had not been assessed and taken into accounts in the year under review.</p>	<p>Actions will be taken to identify these items correctly and taken in to accounts in future.</p>	<p>Accounts should be corrected.</p>
<p>(b) Out of the estimated payable recurrent expenditure in the years 2015,2016 and 2017 in the Open and Distance Education Centre amounted to Rs. 3,088,147 , although a sum of Rs. 2,176,108 had been paid the overestimated balance payable amounted to Rs. 912,039 had not been adjusted from the accounts again.</p>	<p>The remaining Rs. 912,039 is not an overestimate and it is included non-billed expenses. These expenses have been presented as liabilities in the accounts as they will be incurred in future.</p>	<p>Accounts should be corrected.</p>

1.5.4 Unauthorized Transactions

Description of unauthorized transactions	Comments given by the Management	Recommendation
<p>(a) The payments made to the Security Services Company upon the request of the Secretary to the Ministry for the period from the year 2011 to 2012 amounted to Rs. 9,432,774 in contrary to the Conditions of the Security Service Agreements had also been accepted by the Committee on Public Enterprises (COPE) held on 09 August 2017.</p>	<p>Since this has been answered at the Committee on Public Enterprises (COPE) held in July 2017 , it is kindly requested that to remove this audit query.</p>	<p>Responsible persons who have not acted in accordance with the agreements should be identified and act with legally in respect of that.</p>
<p>(b) Although the approval of the Council of the University had been obtained to write off a sum of Rs. 36,591,054 which had to be paid to the University Grants Commission since an amount of Rs. 37,406,856 had been written off , a sum of Rs. 554,500 had been written off without approval of the council.</p>	<p>It has been reported in the year 2017 that this amount was not receivable to the University Grants Commission and accordingly, it was adjusted in the year 2018 to the income of the University.</p>	<p>Debt balances should not be written off without proper confirmation and approval from the council.</p>

1.5.5 Lack of Evidence for Audit

Audit Observation	Comments given by the Management	Recommendation
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A total of Rs. 1,368,300 had been paid from the year 2016 to the end of the year under review for the preparation of software for the Register of Fixed Assets. As the problem occurred due to the software one agency developed was handed over to another agency to enter data, a Register of Fixed assets had not been available to ascertain the fixed assets amounted to Rs. 4,580,063,405 shown in the financial statements for the year under review .

The University operates on lands owned to the Ceylon Electricity Board where the affiliated University was maintained and the acquisition of lands is in progress. All the fixed assets have been surveyed again in physically and a Register of Fixed Assets is being prepared and then these gaps can be removed.

Actions should be taken to prepare the Register of Fixed Assets immediately.

1.6. Receivables and Payables

1.6.1 Receivables

Audit Observation	Comments given by the Management	Recommendation
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Festival advances of 09 officers amounted to Rs. 484,996, distress loans, computer loans, vehicle loans and 18 employee loan balances entitled to the years between 1999 and 2016 had not been recovered even by May 2019.

All of these loans of employees have been issued with the University Provident Fund as a security and when releasing the Employees Provident Fund, the relevant loan will be recovered with interest.

Identify the reasons for the failure to recover and take action to recover.

1.6.2 Payables

Audit Observation	Comments given by the Management	Recommendation
<p>Actions had not been taken to settle 08 sundry creditors' balances totalling Rs. 69,617,688 which was brought forward before the year 2015 even by May 2019 .</p>	<p>The relevant money cannot be paid until the cases which have been filed by the contractors are over in respect of a sum of Rs. 860,883 included in this balance. The balance can be paid once the final bills from 2010 to 2016 have been submitted.</p>	<p>Actions should be taken to settle.</p>

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

Referring to Laws, Rules, Regulations etc.	Non- compliance	Comments given by the Management	Recommendation
<p>(a)Section 112 (1) of the Universities Act No 16 of 1978</p>	<p>Due to the vacancy exists in the post of Senior Treasurer of the Students' Council for the academic year 2016/2017 in the Faculty of Social Sciences and Language Studies and in Faculty of Geometrics, those Councils had not been put into function even by May 2019 .</p>	<p>The post of the Senior Treasurer of the Faculties has been taken over by lectures now.</p>	<p>Actions should be taken in accordance with the provisions of the Act.</p>

(b) Establishments

Code for
University
Grants
Commission
and Higher
Education
Institutes

- (i) Section 7.6 of Paragraph V Due to breach of bonds of 13 officers who have gone on study leave from 2000 to 2017 and not reported to work a sum of Rs. 67,791,476 recoverable had not been recovered even by May 2019 and a total of Rs. 20,424,786 which should be charged from 04 officers who have breached bonds out of this was not charged and from a total of Rs. 40,552,792 recoverable from 07 officers who had agreed to pay the on installments, any installment had not been recovered.
- Actions have been taken to file cases against 03 lecturers who have breached bonds, to refer the Attorney General's Department for legal action against 06 officers, to issue of reminder letters for 06 persons to pay premium, to be referred to the Legal Division of the University.
- Actions should be taken to collect money as per the provisions of the Establishments Code.

- (ii) Section 3.1 of Paragraph XX Without verifying arrival and departure times a sum of Rs. 655,885,589 had been paid as salary and allowances for the 343 academic staff members in the year under review. Although the academic staff does not record daily arrivals and departures, the salaries are being prepared after the Heads of the Departments confirm the satisfaction of the lecturers' service. The provisions of the Establishments Code should be followed.
- (iii) Section 4 of Paragraph XXVI Actions had not been taken to dispose 46 computers and office equipment those were found in the Main Library, Faculty of Agriculture and Faculty of Management as per the 2017 Board of Survey Report even by the end of the year under review. Actions have been taken to reserve the items that are to be disposed of and since there is no enough space in the main warehouse, they have to be kept in their own premises until they are taken away. The provisions of the Establishments Code should be followed.

(c)Financial

Regulation of
the Democratic
Socialist
Republic of Sri
Lanka

- (i)Financial Regulation 104 (1) As per the report of the Committee appointed to count the number of The necessary actions will be taken in respect of relevant Actions should be taken in accordance with

books and to compile a report of the library of the Faculty of Agriculture, no action had been taken in respect of 1,085 missing books during the period from 1998 to 2016 valued at Rs. 475,148 up to 31 December 2018 in terms of Financial Regulations.

(ii)Financial Regulation 156 (1) Due to non-payment of bulk electricity bills of the University from January 2017 to August 2018, actions had not been taken with regard to the payable late fees amounted to Rs. 72,484 in the Financial Regulations. Although this late fee is included, due to failure of paying electricity bills on due date on not receiving of impress from the Treasury, this amount has not been paid yet. Actions should be taken in accordance with the Financial Regulations.

(iii)Financial Regulation (1), (2) and (3) of 571 Necessary actions had not been taken to regulate 111 matured deposits valued at Rs. 5,407,432 including tender deposits, retentions, bid securities, miscellaneous deposits and performance guarantees for the period Tender deposits, withdrawals, bid securities, performance securities have been regulated in terms of Financial Regulations when they were more than 5 years old. Sundry deposits were not Actions should be taken in accordance with the Financial Regulations.

2009-2015 .

regulated in every 5 years and will be excluded in future.

- (d) Section 02 of the Public Finance Circular No. 06/2016 dated 17 June 2016. Due to charging less than Rs.12,500 for 57 bids issued on three occasions to provide the private security service to the University, a sum of Rs. 564,500 had been lost to the University Fund. It is informed that the previous charges are based on this and it would act as per those charges in future. It should act in accordance with the Circular provisions.
- (e) Sections (ii) and (iii) of Chapter 04 of the Management Services Circular No. 02/2014 dated 11 February 2014. Without submitting Interim Reports or Final Research Reports prepared as per the Action Plan consisted in the Project Proposal of Rs. 39,230,761 for 188 officers in the preceding year and a sum of Rs. 49,414,966 for 221 officers in the year under review had been paid to academic and administrative staff as research allowances. As per the Inter University Federation of Lecturers Associations it has been informed the Association of University Lecturers not to submit any information regarding this matter . It should act in accordance with the Circular provisions.

(f) University

Grants

Commission

Circulars

- (i)** Circular No. 05 of 05 July 2018 on Transparent Research Performance Scheme to Recognize Researchers in University Systems. Arrangements had not been made for the identification of Researchers even by the end of the year under review as per the Circular. A methodology to identify and evaluate the best researchers has been implemented by the University Research Fund Committee on the Annual University Day. It should act in accordance with the Circular provisions.
- (ii)** Circular No. UGC/AC/AQ/Gen of 07 May 2015 for Code of Ethics and Accountability for Academic Staff of the University System of Sri Lanka. The Lecture Norms Plan was not prepared from the year 2016 to May 2019 for 6 faculties, 19 Departments and 42 undergraduate courses of the University and therefore, the effectiveness of lectures in the Departments could not be evaluated. Actions will be taken to prepare and submit for the approval of the council and the Senate during this year. The relevant plan shall be prepared and approved by the council.
- (iii)** Section 3 of the Circular No. 981 of 23 April 2012. Although the Professors can be paid subject to a maximum of Rs. 100 per page when typing Fees for the typing done by the lecturers are paid to the relevant lecturers and other It should act in accordance with the Circular provisions.

question papers, an officers are paid for additional payment of the typing done by Rs. 371,400 had been those officers. made during the year under review and the preceding year to computer application assistants of the Examination Unit for computerizing the question papers.

1.8 Non-compliance with Tax Regulations

Audit Observation

When calculation of Payment on Earnings Tax of 236 University Lecturers and Administrative Officers, the benefit of official residences and transport facilities provided by the University had not been taken into consideration up to 31 December 2018 in terms of Sections 5 (2) (h) and 27 of the Inland Revenue Act No. 10 of 2006 .

Comments given by the Management

According to the decision of the Audit and Management Committee, these quarters have been included in the Non-Financial Benefit category and actions had been taken to deduct from the salaries of the employees and to remit to the Department of Inland Revenue.

Arrangements should be made in accordance with the provisions of the Act.

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a deficit of Rs. 60,546,285 and the corresponding deficit in the preceding year was Rs. 83,683,310. Accordingly, a growth of Rs. 23,137,025 was observed in financial results. The decrease in supply and consumables, maintenance costs and contracted services by a sum of Rs. 20,420,488 had mainly attributed to this growth.

2.2 Analysis of Trends in Major Income and Expenditure Objects

The income of the University excluding government grants, deferred income and Mahapola Scholarships by Rs. 40,668,262 and the expenditure excluding the depreciation and Mahapola Scholarships by Rs. 207,742,414 and the government grant by Rs. 199,563,000 had also increased in the year under review.

2.3 Ratio Analysis

The Current Ratio of the University as per the financial statements furnished for the year under review was 1: 1 and it was 1:0:42 in the year 2017 . Thus the cash and cash equivalents represented 20 per cent of current assets in the year under review, a significant amount of the University's assets had retained in liquidity assets.

3. Operating Review

3.1 Identified Losses

Audit Observation	Comments given by the Management	Recommendation
----- Even though the letter “m” was used on the front of the accession number for 600 books amounted to Rs. 48,150 which had been identified as missing in the Faculty of Applied Sciences in the Affiliated University of Buttala prior to 1996, proper actions with regard to that had not been taken even by May 2019.	----- As per the report of the Investigation Committee appointed on the misplacement of books it has been mentioned as the reasons for this misplacement is the absence of a permanent official responsible for this library until 01 July 1996 and the letter "m" has been used for the missing books in the accession register.	----- Appropriate actions should be taken regarding missing books according to the practical situation.

3.2 Management Inefficiencies

Audit Observation	Comments given by the Management	Recommendation
----- (a) Although the Committee on Public Enterprises had given Directives on 09 August 2017 that the actions should be taken to rectify the shortcomings in the Playground and the Stadium of the University which had been constructed in the year 2014	----- There was no possibility to restore the Playground from this retention money and it is expected to take place this work in future years and until then, arrangements will not be made to release the retention.	----- Actions should be taken to restore the Playground.

incurring a sum of Rs.123,052,693, arrangements had not been made to restore the Playground using the retention money amounted to Rs. 5,156,160 and to maintain the playground continuously for a period of 06 months up to 31 May 2019 .

(b) Even though the Committee on Public Enterprises had made Directives on 09 August 2017 to submit a report with regard to setting up of computer canters for each faculty separately after incurring sum of Rs. 1,819,966 in the year 2010 to build a central information technology building for the University, the aforesaid report had not been submitted even by May 2019 .

Since the answers have been given for this at the Committee on Public Enterprises (COPE) held in July 2017 it is kindly requested to withdraw this audit query.

Proper decisions should be made so that not to change the long-term plans.

(c) Due to the lack of a system for lending books that were taken out of the Main Library, 234 books worth of Rs. 387,959 and 181 books worth of Rs. 106,620 which had been lent from the year 2014 to July 2018 respectively had not been returned even by December 2018 . Due to this, other readers had lost the opportunity to use these books and the necessary

It has been decided not to charge late fees and fines from the academic and non-academic staff. However, when necessary, the Library Committee intervenes to provide books to anyone in need. Likewise, reminder letters have been sent to students occasionally who have been holding library

A system should be introduced to return the books within a reasonable time.

actions had also not been taken to obtain them back. books for a long time.

3.3 Operational Inefficiencies

Audit Observation	Comments given by the Management	Recommendation
(a) The number of students proposed to be enrolled during the last 04 academic year was 5,421 and only 4,842 students had been registered. Accordingly, 579 students or 11 per cent students proposed to be enrolled, had not been registered.	The University carry out the activities to register students who are selected by the University Grants Commission. However, considering the situation, the enrollments have been expedited and student dropout was declined to 8 per cent in the year 2019 .	A methodology should be developed as a University system to increase the number of student registration.
(b) There were 5,585 students registered for the first year for the 05 faculties of the University during the five academic years from the academic year 2012/2013 to the academic year 2016/2017 out of them, 91 students, or 2 per cent, had left the course within the first year.	First-year internal students have left their Degree Programmes due to travel abroad, employment, following other courses and personal and medical conditions.	A methodology should be developed as a University system in order to increase the degree completion rate within the stipulated time.
(c) Arrangements had not been made even by April 2019 to enroll new student groups after modernizing the Bachelor of	Steps have been taken to obtain the approval of the University Grants Commission to recruit students for these courses.	Actions should be taken to commence the course properly.

Arts General (External) Degree Programme subsequent to the year 2011.

- (d) The academic staff, non-academic staff and students per capita and student costs of the University for the year under review were Rs. 1,945,054, Rs. 959,601 and Rs. 360,608 respectively and those were Rs. 2,352,448, Rs. 902,604 and Rs. 319,082 respectively in the preceding year. Accordingly, a decrease of Rs. 407,410 in the per-employee cost of the academic staff, an increase of Rs. 16,997 in the cost of non-academic staff per employee and an increase of Rs. 41,526 in per student cost had been occurred in the year under review compared to the previous year.
- The increase in the number of employees as well as their salaries, allowances and overtime by Rs. 58 million in the year 2018 as compared to the year 2017 has been the reason for the increase in the per-employee costs of non-academic staff. Due to non-payment of full salary including all research allowances in the year 2018 for new recruits to the academic staff, not increasing in academic staff salaries compared to the increase in the number of employees has led to a decrease in the per-employee cost. Also, the increase in the number of academic and non-academic staff, salaries, allowances, travelling expenses and examination expenses has affected to the increase in per student expense.
- A reasonable variance should be maintained with previous years.

3.4 Underutilization of Funds

Audit Observation	Comments given by the Management	Recommendation
The balance of the Bonds and Agreements Violation Fund of the University amounted to Rs. 36,634,800 as at the end of the year under review had remained in idle without utilization for the intended purposes in terms of the University Grants Commission Circular No. 737 dated 18 August 1998 .	The money is deposited in the fixed deposits and the interest is reinvested in the same accounts and maintained as a secured fund for future needs.	The Fund shall be utilized for the specific purposes for which the Fund was established.

3.5 Disposable or Underutilized Property, Plant and Equipment

Audit Observation	Comments given by the Management	Recommendation
(a)Even though goods and equipment at a cost of Rs. 2,725,000 had been provided to the University for the Project to establish the Out Bound Training Center with relevant to the Faculty of Applied Sciences in the year 2016 due to lack of relevant infrastructure and plans, the equipment were underutilized by May 2019. Further, the	Since an audit examination is being carried out in this regard, actions will be taken to provide these items, equipment and books to the Physical Education Division and the Library.	Actions should be taken to utilize the goods and equipment which were underutilized.

sporting goods and library books which had been given the University in the years 2013 and 2014 amounted to Rs. 725,776 had been stored without use even by May 2019 .

- (b) Due to the decision taken to close the Press without taking actions to repair the offset printing machine remained in the University Press which had been defunct since the year 2016, the printing activities of the University had been accomplished through the private sector, incurring a sum of Rs. 3,260,841 in the previous year and the year under review. Even though three trained employees in the Press were attached to other Units, the consumer goods valued at Rs. 449,664 had become unusable condition.
- Action will be taken to correct in future. The Press should be put in operation.

3.6 Procurement Management

Audit Observation	Comments given by the Management	Recommendation
<p>After the private security services contract of the University expires in October 2017, extended the contract period in 04 stages and a sum of Rs. 34,159,488 was paid and later on a new contractor had been selected in April 2018 in terms of Section 1.2.1 (a) of the Government Procurement Guidelines 2006. Similarly, without recognizing that there were shortcomings in the bidding documents, prior to the calling bids for the Private Security Service 2017/2018 by publishing procurement notices three times in newspapers non-compliance with Sections 2.6.1 (a) (vi) and 5.3.15 (a) of the Procurement Guidelines a sum of Rs. 272,176 incurred for first and second procurement advertisements.</p>	<p>The reasons such as the University cannot be run without security until a suitable contractor is selected, has to provide security for new hostels due to increasing of number of students, lack of qualified bidders to advertise the newspaper published according to the existing criteria, time taken for approval of the Department Procurement Committee, time taken for second time bidding and re-arranging the bidding documents and the strikes of employees had affected the delays in selecting a contractor.</p> <p>Although the time had elapsed, a formal evaluation procedure could be able to develop and that will help to avoid technical problems you have shown. Biddings were made at old prices in government newspapers and it is stated that the actions did not take to make any loss to the institution .</p>	<p>The provisions of the Guidelines should be followed.</p>

3.7 Deficiencies in Contract Administration

Audit Observation	Comments given by the Management	Recommendation
<p>Due to failure to enter into an agreement with the contractor for the purchase of lecture hall chairs amounted to Rs. 9,480,000 for the Faculty of Management Studies, Social Sciences and Languages Faculties and Open and Distance Studies Center , the opportunity to collect late charges had been lost for the delay period in supplying lecture hall chairs.</p>	<p>Since the performance security is converted into cash if the supplier breaks the agreement there is no need for a contract agreement. Orders made should be delivered within 30 days and since products such as chairs are manufactured and supplied and occurrence of delays are natural. If we charge for delivery delays, the suppliers will charge us late fees for the payment delays. The delays in the procurement process is accepted and it has been calculated based on the estimated date of the Master Plan and the date of receipt of the goods. Since the purchases are made on a receiving of provisions, the changes in estimated timing is natural.</p>	<p>The provisions in the Guideline should be followed.</p>

3.8 Human Resources Management

Audit Observation -----	Comments given by the Management -----	Recommendation -----
<p>(a) The 112 vacancies such as 16 posts out of 17 posts of professor chair in the academic staff as at 31 December 2018, 50 out of 300 posts of professor and lecturer, 17 posts out of 53 temporary lecturer positions and also 29 posts out of 98 other temporary academic staff positions had remained.</p>	<p>As per the Cadre Report - 2017 approved for the University there are 78 permanent staff and 53 temporary and contract vacancies had remained in vacant. Due to the issues raised regarding the two professor chair positions, it was referred to University Grants Commission for approval. The number of vacancies in other professor and lecturer posts has dropped to 50 . Three approved temporary lecturer positions are to be recruited and the number of vacancies in the temporary academic staff posts has dropped to 29. Actions will be taken to obtain the service of the external lecturers occasionally as well.</p>	<p>Actions should be taken to fill the vacancy.</p>

(b) The number of vacancies in non-academic staff as at 31 December 2018 were 154 and 08 Administrative, Financial and Executive Officers, 02 Medical Officers, 10 Academic Assistant Staff, 38 Technical Staff, 28 Clerical and Assistant Staff and 66 Primary Staff posts had been consisted in those posts . To make the payments amounted to Rs. 27,386,712 for holidays and overtime, the existence of vacancies had also affected.

Arrangements are being made for the recruitment to administrative posts and the applications for the Project Manager and the Medical Officer had not been received. Actions are being taken to fill the vacancies in 10 Study Assistants. Sixty four had been recruited to 07 vacancies in posts of non-academic staff in the year 2018 . Due to resignation, retirement, transfers, promotions and deaths it had caused to increase these vacancies .

Actions should be taken to fill the vacancy.

4. Accountability and Good Governance

4.1 Submission of Financial Statement

Audit Observation	Comments given by the Management	Recommendation
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Although the Annual Financial Statements should be submitted to the Auditor General within 60 days of the end of the year along with the Draft	Transfers of Assistant Bursars, vacancies in the posts of Senior Assistant Bursar and Book Keeper in Finance Division and duties assumed by new Assistant	Actions should be taken in accordance with the circular provisions.

Annual Report in terms of Bursars have resulted in Section 6.5.1 of the Public delays in submission of Enterprises Circular No. financial statements. PED / 12 of 02 June 2003, the financial statements for the year under review had been furnished to the Auditor General on 02 April 2019 .

4.2 Internal Audit

Audit Observation	Comments given by the Management	Recommendation
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<p>Although an internal auditor had been appointed in October 2018 the existed 02 vacancies in two Auditor Assistant posts were also affected to not issuing any internal audit query even by May 2019 .</p>	<p>Applications have been called for filling 02 Assistant positions at the beginning of 2019 and steps are being taken to fill the vacancies from the eligible applicants. Further, internal audit queries have been issued checking of the efficiency of the internal control system of the University by now.</p>	<p>Arrangements should be made as per the Plan by filling vacancies.</p>

4.3 Budgetary Control

Audit Observation	Comments given by the Management	Recommendation
<p>(a) The estimated provision for recurrent expenditure during the year under review was Rs. 1,136.22 and thus its actual cost was Rs. 1,363.71 , a sum of Rs. 227.49 million or 20 per cent thereof had been incurred exceeding the provision and estimated provision for capital expenditure was Rs. 450 million and thus its actual cost was Rs. 492 million, even though a sum of Rs. 42.3 million or 9 per cent had been spent exceeding the allocation a revised budget had not been prepared for that.</p>	<p>On the increase of salaries of employees and increase of government provisions on beyond our control for new requirements and increase of internal revenues, revenue was increased up to Rs. 1,282.8 million. Since the total expenditure was Rs. 1,363.7 million the actual expenditure was 6 per cent. The reasons such as cconstruction contracts for capital expenditure, capital rehabilitation, possibility to procurement of capital goods in a timely manner had affected to the increase of utilization beyond budgetary allocation.</p>	<p>Actions should be taken to make use of the budget as an effective financial control instrument.</p>

<p>(b) Estimates prepared for revenues and expenses of self-financing courses had not been included in the University Budget for the year under review and the revenue and expenditure of those courses during the year under review were Rs. 70.63 million and Rs. 39.01 million respectively.</p>	<p>Income and expenditure of Self-Financing Courses are generated by External Examination Extension Unit and Faculty of Postgraduate Studies and since both of the institutions are governed by a separate Board of Governors, the income or expenditure of this is not included in the University Budget.</p>	<p>Actions should be taken to include in the University Budget.</p>
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4.4 Sustainable Development Goals

Audit Observation

Even though the Sabaragamuwa University of Sri Lanka is aware of 2030 "Agenda" on Sustainable Development Goals, actions had not been taken to identify the Sustainable Development Goals that should be achieved in its scope. Therefore, arrangements had not been made to identify the goals, the underlying data, the milestones to be reached, and the indicators for measuring progress.

Comments given by the Management

This has been discussed in the University Senate and necessary measures will be made in future.

Recommendation

Actions should be taken to develop long-term plans relating to the Sustainable Development Goals.