

1.1 Qualified Opinion

The audit of the financial statements of the Wayamba 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 net assets 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. 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 my report, the financial statements give a true and fair view of the financial position of the Wayamba 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 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 intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-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 of the University.

1.4 Scope of Audit (Auditor's Responsibilities for the Audit of the 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 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. 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, 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 Institute
- Whether the University has performed according to its powers, functions and duties; and
- Whether the resources of the University had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 Internal Control over the preparation of financial statements

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

1.5.2 Non-compliance with Sri Lanka Public Sector Standards

Non-compliance with Reference to the Relevant Standard	Comments of the Management	the Recommendation
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(a) In terms of Paragraph 24 of Standard 01, the exceeding of actual amounts by budgeted amounts had not been disclosed by way of footnote to the relevant item in the financial statement as per the Statement of Comparison of the budgeted amounts and actual amounts.	Action will be taken to make relevant correction in future.	Action should be taken in accordance with the Sri Lanka Public Sector Accounting Standards.

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| (b) Even though different classes of assets should be stated separately in terms of Section 50 of the Standard No.07, the lands and roads of the University had been stated as the assets of similar nature in similar class. | Action will be taken to look into that matter and make the corrections. | Action should be taken in accordance with the Sri Lanka Public Sector Accounting Standards |
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1.5.3 Accounting Policies

Audit Observation

Comments of the Management

Recommendation

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| (a) Action had not been taken to amortize the value of lands and roads acquired with the use of Government Grants. | Action will be taken to look into that matter and make the corrections in future. | Action should be taken to amortize the assets. |
| (b) It had been stated that cash the basis would be adopted as the policy for accounting receipts and payments of money relating to bursary and Mahapola Scholarship. Nevertheless, accrual basis had been used for accounting during the year under review. | Mahapola and bursary are accounted on cash basis and in making payments, the relevant payment is made by the University and then it will be reimbursed from the University Grants Commission. The amount so reimbursable has been accounted as the receivable Mahapola and bursary allowances. | The accounting policy adopted should be disclosed by the accounts. |

1.5.4 Accounting Deficiencies

Audit Observation

Comments of the Management

Recommendation

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| (a) Supply creditors and assets amounting to Rs.2,599,343 relating to the year under review had been omitted from accounts. | It is established in the examination of relevant payments for the purchases stated in the audit query that the relevant invoices had been issued in the year 2018. Nevertheless, since the relevant Divisional Heads have signed inventories and service certificates of the year 2019, it has been accounted as assets of the year 2019 considering that relevant items | Action should be taken to correctly accounted. |
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have been included in the Register of Fixed Assets of the year 2019.

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| (b) | Provisions for gratuity amounting to Rs.792,308 payable to 03 lecturers who had breached agreements by not returning on completion of their staying abroad within due period, had been omitted from accounts. | Provisions for gratuity amounting payable to 03 lecturers who had breached agreements by not returning on completion of their staying abroad within due period had been omitted from accounts and action will be taken to correct that error in future. | Action should be taken in accordance with the basic accounting principles. |
| (c) | Salaries of Rs.1,279,086 paid in excess during the preceding years had not been accounted as an amount receivable. | Immediate steps are being taken to recover the amount due from Mrs.A.N.K.Perera, while action will be taken to recover the amount due from R.P.I.R.Senarathna at the time of releasing University Provident Fund. | Action should be taken in accordance with the fundamental accounting principles. |
| (d) | Since 40 electric direction sign posts worth Rs.1,330,500 received in the year 2018 for an incomplete contract works had been shown as the closing stock, value of the maintenance stock had been overstated by Rs.1,330,500. | The 40 direction sign posts received under the contract activity had been retained in the Stores to fixed in the University premises and as a result the stock had been excessively calculated. Subsequent to obtaining lamps and lion figures further remain receivable from the contactor and fixing them on relevant places, and after settling the advance, these sign posts can be eliminated from the stock. | Action should be taken to account accurately. |
| (e) | Electricity charges of Rs.4,078,948 recoverable from the contractors by the end of the year under review had not been brought to account as the amount receivable. | The letters of information have been sent to the contractors to recover the expenditure on electricity recoverable from them. Once the expenditure on electricity is settled, the contractor produces the receipts thereof to the Financial Division and | Action should be taken to account all income recognized as to be receivable by the institute. |

unsettled expenditure on electricity, if any, those will be recovered from the relevant final contract bill. Settlement of expenditure on electricity recoverable from the contractor does not pose direct impact on the key operations of the University and as such, those amounts are not accounted as the receivable income.

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| (f) | An amount of Rs.5,895,478 relating to additional works of the constructions of Medical Faculty hostels had been omitted from the accounts. | Once the approval of the Ministry for the relevant payment is obtained, this amount payable as the cost for partitioning the Medical Faculty hostel in to two sections will be paid from the provisions of the University. This amount cannot be accounted without relevant approvals. | Since the hosted is being used at present action should be taken to account those amounts. |
| (g) | Since the value totaling Rs.733,741,515 of two hostels which had been constructed on the provisions of the Ministry of Higher Education and vested in the University had not been brought to account, value of the buildings had been understated by that amount. | Out of the value pertaining to the Medical Faculty, a sum of Rs.212,678,700 had been granted from the Ministry of Higher Education and after settling cost of Rs.5,845,478 of the value of additional works, action will be taken to account total value relevant to the hostel.
Value of 02 hostels amounting to Rs.425,357,400 constructed in the Kuliypitiya premises up on the provisions of the Ministry of Higher Education will be accounted in this year. | Action should be taken to account accurately. |
| (h) | The withholding tax of Rs.530,624 recovered from the interest income and received during the year under review had been brought to accounts as the bank charges. | Steps will be taken to correct that error in future. | Action should be taken to account accurately. |

1.5.5 Lack of Documentary Evidence for Audit

Item	Amount	Evidence Furnished	Not Furnished	Comments of the Management	Recommendation
(a) Lands	391,105,735	(i) Extent of lands with aggregated value			Action should be taken in accordance with the laws in force.
		(ii) Register of Fixed Assets on Lands.		The transfer orders relating to all the lands that had been lawfully vested in have been furnished to Audit. Steps are being taken to vest in the lands which are being occupied at present without taking over their legal rights.	
(b) Furniture and Fittings	235,126,605	} Board of Survey Reports		All the Survey Committees have been informed by the letter dated 14.12.2017 that the Board of Surveys for the year 2017 should be conducted and presented the reports thereof before 15.01.2018. As a result of strike staged by the Non-academic staff of the University in May 2018, delays occurred in the presentation of reports. All the letters received after sending reminders have been furnished to the Assistant Auditor General on 14.11.2018.	Action should be taken to furnish the relevant reports to the Auditor General on due date.
(c) Office Equipment	154,267,123				
(d) Laboratory and Teaching Equipment	184,273,729				
(e) Library books, periodicals	15,985,532				
(f) Cloaks	427,787				

1.6 Accounts Receivable and Payable

1.6.1 Accounts Receivable

Audit Observation	Comments of the Management	Recommendation
Three loan balances of Rs.159,820 pertaining to the University staff had remained unrecovered for over a period ranging from 06 years to 12 years.	T.M.C.P.Gunasekar a- Distress Loan 114,240 Staff Loan 4,080 W.P.E.Priyadarshan 41,500 a- Staff Loan ----- <u>159,820</u>	Action should be taken to promptly settle the recoverable money.

Since the above lecturers have left the University service, action will be taken to recover these balances at the time of releasing their Provident Funds.

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)	Section 45 of the Universities Act, No.16 of 1978 and the Public Enterprises Circular No.30 of 13 July 2005.	Excess moneys amounting to Rs.34,500,000 of 06 self-study courses had been invested in fixed deposits in the year under review without the approval of the General Treasury and the University Grants Commission.	The approval for this purpose had been granted at the 193 University Council session held on 25.10.2018 and a letter has been referred on 20.12.2018 seeking approval of the General Treasury, University Grants Commission and the Ministry of Higher Education.	Action should be taken in accordance with laws, rules, regulations and management decisions.
(b)	Circular No.04/2016 of 01 March 2016 of the University Grants Commission	Even though permission had not been granted to incur expenses for other purposes from fees of external courses, sums of Rs.544,585 and Rs.2,205,657 had been spent	Under the approval of the Council, 01 per cent of indirect cost allocated from the budget of the courses is transferred to the	Action should be taken in accordance with the circulars.

from fees of external courses for the welfare fund of the University and other purposes respectively.

Employees Welfare Fund. Expenditure on other activities from the external courses fees is incurred by the Project Development Fund.

(c) Universities

Establishments Code

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| (i) | Section 3.1 of Chapter XX | An attendance register had not been maintained for the officers of the Academic Staff of the University. | Not replied. | Action should be taken in accordance with laws and rules. |
| (ii) | Sub-section 2.9 of Chapter XXVI (as amended by the Establishments Circular No.04/2013 of the University Grants Commission) | Plans had not been drawn to commence activities of Boards of Survey before the end of December and complete them before 15 January. | All the survey committees have been informed by the letter dated 14.12.2017 that Board of Surveys should be conducted before 15.01.2018 and reports should be presented thereon. Due to the strike staged by the non-academic staff of the University in March 2018, submission of the reports was delayed. All the reports received after sending reminders have been presented to the Auditor General. | Action should be taken in accordance with laws and rules. |
| (iii) | Sub-section 3.1 of Chapter XXVI (as amended by the Establishments Circular No.04/2013 of the University Grants Commission) | Reports on Boards of Survey pertaining to the year 2018 had not been presented to the Auditor General before the end of February 2019. | Boards of Survey Activities relating to the year 2018 are in progress at present. | Action should be taken in accordance with laws and rules. |
| (iv) | Sub-section 4 of Chapter XXVI | Action had not been taken to dispose of goods declared unusable or unserviceable at the Board of Survey of the year 2017 by a public auction | The date of purchase and value of the relevant items had not been included in certain reports sent by | No recommendation |

or by calling for open tenders through a public notice.

the Divisions for the disposal of unusable goods. Similarly, at the time of receipt of this reports, board of survey for the year 2018 had been initiated and as such, disposal of unusable goods is scheduled to be carried out in accordance therewith.

- (d) No.10 of the Committee on Public Enterprises held on 28 November 2017. Despite being given instructions regarding the accounts of the self- finance courses and the balance money, those decisions had not been implemented. A decision was reached at the 63rd Audit Committee that it is appropriate to transfer excess money of the specifically completed courses and notified by the external courses Directors, to the Programme Development Fund. Action should be taken in accordance with the decision of the Committee on Public Accounts.

2. Financial Review

2.1 Financial Results

- (a) The operations of the University for the year under review had resulted in a deficit of Rs. 159,337,064 as compared with the corresponding deficit of Rs. 67,708,979 for the preceding year, thus observing a further deterioration of financial results by Rs. 91,628,085. The above deterioration was mainly attributed to increase in the expenditure on salaries and contractual services, and increase in the provisions for depreciations.
- (b) Details on the contributions of the year under review and four preceding year are as follows.

	2018	2017	2016	2015	2014
	Rs.	Rs.	Rs.	Rs.	Rs.
Deficit	(159,337,064)	(67,708,979)	(204,029,628)	(103,698,892)	(101,915,819)
<u>Added:</u>					
Employees Remuneration	926,452,712	738,119,700	645,615,622	580,380,223	467,368,504
Depreciation	417,196,606	383,187,600	256,798,190	152,595,640	130,886,772
Value Addition	1,184,312,254	1,053,598,321	698,384,184	629,276,971	496,339,457

Even though deficit had increased in the year under review while decreasing and increasing from the year 2014, employees remuneration and depreciation, as well, had continuously increased. Accordingly, value addition too had ceaselessly increased.

2.2 Analysis of the Tendency of Main Income and Expenditure Items

	<u>Year under review</u>	<u>Preceding Year</u>	<u>Variation</u>	<u>Percentage of the Variation</u>
	Rs..000	Rs.000	Rs..000	
<u>Income</u>				
Government Grants	1,546,243	1,415,167	131,076	9
Income of the University	28,899	29,280	(381)	(1)
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	1,575,142	1,444,447	130,695	9
	=====	=====	=====	
<u>Expenditure</u>				
Personal Emoluments	930,846	748,531	182,315	24
Depreciations	417,197	383,188	34,009	9
Other Expenditure	386,436	380,437	5,999	2
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Total Expenditure	1,734,479	1,512,156	222,323	15
	=====	=====	=====	
Deficit	(159,337)	(67,709)	91,628	(135)

The following observations are made in this connection.

- The total income of the University had increased by 9 per cent during the year under review and it had included amortization of Government grants of 2 per cent. Income earning of the University had deteriorated by 01 per cent.
- Total recurrent expenditure of the year under review had increased by 15 per cent and increase in the personal emoluments by 24 per cent as per the salary increase effected on Government policy and increase in depreciation for fixed deposits by 9 per cent had attributed to the above increase.
- Deficit of the year under review had increased by 135 per cent.

2.3 Analytical Financial Review

Current Ratio of the University was 2:2.54 by the end of the year under review and the Standard Ratio was 2:1 and accordingly, current liability of 1.54 per cent exceeding Standard Ratio was observed. The Current Ratio of the preceding year was stood at 2:1.86, thus observing further deterioration of the Current Ratio by 0.86 than the preceding year.

3. Operating Review

3.1 Identified Losses

Audit Observation	Comments of the Management	Recommendation
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(a) Since payment of contributions to the Employees' Trust Fund Board relating to the months of January and September in the year 2017 had been delayed by the Wayamba University, a sum of Rs.60,782 had been paid as surcharge in two instances	Since the Advice of Remittance Form (R1) relating to the payments of contributions to the Employees' Trust Fund were not received, the matter was enquired from the Head Office and the Kurunegala branch. Accordingly, instructions were received to download the same from the Website and the relevant cheque had been referred to the post on 03.03.2017. Due to delays occurred therein, the Employees' Trust Fund Board had issued surcharge notifications on 28.07.2017.	Action should be taken with regard to the loss after ascertaining the reasons for the loss and determining the responsibilities thereon.
(b) There had been a shortage of stationery amounting to Rs.53,529 purchased for the Wayamba International Conference (Winc) 2018.	According to the query, it had been stated that there was a shortage of stationery purchased for the Wayamba International Conference (Winc) 2018, whereas such stationery was provided for the dignitaries and the guests who attended the said Conference. The procedure adopted in issuing stationery to the registered participants was not suitable to adopt in respect of the guests. Accordingly, the items observed as a shortage have been issued to the guests.	Action should be taken on the shortage after ascertaining the relevant reasons and determining the responsibilities thereon.

3.2 Management Weaknesses

Audit Observation	Comments of the Management	Recommendation
Although the Ministry and the University had entered into agreements to complete two projects on the provisions of Rs.1,430,500 of the Ministry of Wayamba Development and Cultural Affairs as at 31 December 2017, those projects had not been completed even by the end of the year 2018.	As a result of spending a longer period to meet various parties and obtain data relating to the project and expanding the scope owing to making plans to study 07 other fields similar to this economic centre, a delay occurred in the completion of the Market Research Project conducted for the evaluation of feasibility of the Wariyapola Economic Centre awarded for the Kuliypitiya premises.	Action should be taken to complete works within due period and thereby, increase the productivity

3.3 Operating Inefficiencies

Audit Observation	Comments of the Management	Recommendation			
(a) Details on the number of students enrolled to each Faculty in each year during 04 academic years are given below.					
Faculty	Approved No. of students	First year	Second year	Third year	Fourth year
Faculty of Agriculture and Plantation Management	150 86	160 86	136 82	138 -	1600 -
Faculty of Applied Sciences	200	169	158	141	79
Faculty of Business Studies and Finance	550 500 350	539 - -	- 484 -	- 452 -	- - 351

Faculty of Livestock, Fisheries and Nutrition	110	103	63	66	67
Faculty of Technology	161	156	136	-	-
Faculty of Medicine	75	72	-	-	-
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		1357	1092	819	684
		=====	=====	=====	=====

- Plans had been drawn to enrolled 1472 students for the academic year 2017/2018 and the number of students enrolled was 1357. Accordingly, 4 per cent of the students could not be enrolled. Although 75 students could have been enrolled for the Medical Faculty, only 72 students had been enrolled. Further, 169 students only had been enrolled to the Faculty of Applied Science although 200 students could have been enrolled.
- Due to the matters remained beyond control of the Medical Faculty, only 72 students could be enrolled to the Medical Faculty. The Dean has informed the Medical and Dental Standing Committee of the University Grants Commission to take necessary steps to prevent these occurrences in future.
- Action should be taken to accomplish the expected positions.
- (b) Out of 120 students of the Bachelor of Science (General) Degree course of the Faculty of Applied Science, the number of students who had not completed the examination in the year 2017 was 62, of which the number of students who had completed degrees in July 2017 and January 2018 was 09 and 11 students respectively.
- Some Students of the Bachelor of Science (General) Degree course of the Faculty of Applied Science could not complete their degrees at the first sitting in the year 2017 and 2018. Nevertheless, all these students should complete their degrees within a specific period (during the academic year). Hence, it is expected that the respective students will satisfy necessary qualifications within the prescribed period.
- Action should be taken to upgrade the existing situation.
- (c) Despite lapse of 02 years from the commencement of the Faculty of Technology, it had not been possible to recruit an approved Academic Stall to the Faculty. Although machinery worth Rs.19,826,756 had been purchased for
- In every instance, purchase of machinery for the University is made only upon the learning requirements of the students and those are made available for the practical training requirements of the students without
- Action should be taken to recruit academic staff and practical trainings of the students should

- the practical trainings relating to the subject of Technology initiated in the year 2017, practical trainings of the first year students and the second year students had not been conducted with the use of said machinery during the year 2018. being underutilized. be provided as expeditiously as possible.
- (d) Although Rs.1,013,750 had been deposited in the Divisional Secretariat, Pannala in the year 2013 for the acquisition of 08 blocks of paddy lands of 711 perches in extent assessed at Rs.3,835,000, action had not been taken to vest the relevant paddy lands up to date. The Divisional Secretary, Pannala shall have the legal capacity and the authority to take steps regarding the vesting of these 08 blocks of lands. In order to conduct an inquiry of objection under 4(4) of the Land Acquisition Act and expedite the acquisition process, a request has been made through the Registrar through the Ministry to obtain an order under the Sub-provision 38 (a). Action should be taken to acquire lands expeditiously.
- (e) According to the world ranking and ranking of universities of Sri Lanka, the Wayamba University of Sri Lanka had retained the 5791st place and 08th place respectively in the year 2017 and retained the 8139th place and 08th place in the year under review. For the purpose of upgrading the place acquired by the university, several research conferences (National and International level) were conducted in the year 2018 and it is expected to increase the number of researches conducted by the lecturers, administrative staff and the students in future and update them in the University website and thereby, upgrade the position acquired by the University. Action should be taken to secure a great improvement in University ranking
- (f) Unresolved Audit Paragraphs

Action had not been taken to promptly recover Rs.3,172,714 remained receivable from the year 2011 from two lecturers who had preceded abroad for further studies and not returned within due period. In order to recover Rs.9 lakhs receivable to the University from the Provident Fund of Rs.12 lakhs of Mr.R.M.W.S.Bandara, relevant action is being taken through his Attorney-at-law. Legal action has been initiated against Mr.H.P.A. Rupasinghe. Action should be promptly taken to recover the money receivable to the University.

3.4 Underutilization of Funds

Audit Observation	Comments of the Management				Recommendation																																													
<p>Particulars on the utilization of Capital Funds made to the University for the year under review and several preceding years are given below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Description</th> <th style="text-align: right;">2018</th> <th style="text-align: right;">2017</th> <th style="text-align: right;">2016</th> <th style="text-align: right;">2015</th> </tr> <tr> <td></td> <td style="text-align: right;">Rs.</td> <td style="text-align: right;">Rs.</td> <td style="text-align: right;">Rs.</td> <td style="text-align: right;">Rs.</td> </tr> </thead> <tbody> <tr> <td>Opening Balance</td> <td style="text-align: right;">38,556,947</td> <td style="text-align: right;">67,905,448</td> <td style="text-align: right;">1,033,030</td> <td style="text-align: right;">12,754,413</td> </tr> <tr> <td>Receipts of Funds</td> <td style="text-align: right;">1,273,312,641</td> <td style="text-align: right;">827,844,307</td> <td style="text-align: right;">911,033,471</td> <td style="text-align: right;">364,264,693</td> </tr> <tr> <td>Total Contribution</td> <td style="text-align: right;">1,311,869,588</td> <td style="text-align: right;">895,749,755</td> <td style="text-align: right;">912,066,501</td> <td style="text-align: right;">377,019,106</td> </tr> <tr> <td>Utilization of funds</td> <td style="text-align: right;">1,206,918,074</td> <td style="text-align: right;">807,464,357</td> <td style="text-align: right;">743,336,061</td> <td style="text-align: right;">262,865,324</td> </tr> <tr> <td>Funds savings</td> <td style="text-align: right;">104,951,513</td> <td style="text-align: right;">88,285,398</td> <td style="text-align: right;">168,730,440</td> <td style="text-align: right;">114,153,782</td> </tr> <tr> <td>Payable liabilities</td> <td style="text-align: right;">(49,072,102)</td> <td style="text-align: right;">(49,728,450)</td> <td style="text-align: right;">(100,824,992)</td> <td style="text-align: right;">113,120,752</td> </tr> <tr> <td>Net savings</td> <td style="text-align: right;">55,879,411</td> <td style="text-align: right;">38,556,948</td> <td style="text-align: right;">67,905,448</td> <td style="text-align: right;">1,033,030</td> </tr> </tbody> </table>	Description	2018	2017	2016	2015		Rs.	Rs.	Rs.	Rs.	Opening Balance	38,556,947	67,905,448	1,033,030	12,754,413	Receipts of Funds	1,273,312,641	827,844,307	911,033,471	364,264,693	Total Contribution	1,311,869,588	895,749,755	912,066,501	377,019,106	Utilization of funds	1,206,918,074	807,464,357	743,336,061	262,865,324	Funds savings	104,951,513	88,285,398	168,730,440	114,153,782	Payable liabilities	(49,072,102)	(49,728,450)	(100,824,992)	113,120,752	Net savings	55,879,411	38,556,948	67,905,448	1,033,030	<p>Observation is accepted.</p>				<p>Action should be taken to use funds effectively.</p>
Description	2018	2017	2016	2015																																														
	Rs.	Rs.	Rs.	Rs.																																														
Opening Balance	38,556,947	67,905,448	1,033,030	12,754,413																																														
Receipts of Funds	1,273,312,641	827,844,307	911,033,471	364,264,693																																														
Total Contribution	1,311,869,588	895,749,755	912,066,501	377,019,106																																														
Utilization of funds	1,206,918,074	807,464,357	743,336,061	262,865,324																																														
Funds savings	104,951,513	88,285,398	168,730,440	114,153,782																																														
Payable liabilities	(49,072,102)	(49,728,450)	(100,824,992)	113,120,752																																														
Net savings	55,879,411	38,556,948	67,905,448	1,033,030																																														

Out of the Capital provisions made by the Treasury and the University Grants Commission during the year under review and 02 preceding years are given below , funds amounting to Rs.55,879,411 had not been utilized.

3.5 Idle or Underutilized Property, Plant and Equipment

Audit Observation	Comments of the Management	Recommendation
<p>(a) The Van had not been driven from the year 2014 up to February 2019 and repairs had been carried out on 08 November 2018 by spending Rs.175,000.</p>	<p>The Van bearing No.54-1785 is due to be handed over for the creation of Multimedia Unit of the Information Technology Centre on completion of the repairs.</p>	<p>Action should be taken to utilize the assets effectively.</p>
<p>(b) Medical equipment that had been purchased at a cost of Rs.680,041 in the year 2015</p>	<p>The contractor had discontinued the constructions by November 2015. Although the Vice-</p>	<p>Procurements should be carried out in accordance with</p>

without being constructed a suitable building for the Makandura Medical Centre, remained idle.

chancellor was informed from time to time on the discontinuation of the constructions through the letters, it has not been possible to complete the constructions up to date.

At the time of placing orders for equipment, a section of the Medical Centre had been completed. Equipment had been requested for both the completed part of the building and parts of which constructions were in progress. It is further notified that certain items of the requested goods are being utilized at present.

3.6 Delays in Projects or Capital Works

Audit Observation	Comments of the Management	Recommendation
<p>(a) <u>Delayed Projects</u> Constructions of the Makandura Medical Centre which should have been completed by 17 August 2014 had not been completed and the contractor had abandoned the relevant contract. Action had not been taken to recover the advances of Rs.1,601,420 paid for this purpose.</p>	<p>Since the opportunity given by the arbitration institution, too, had been neglected, this agreement has been cancelled from March 2019 while specifying necessary dates. The maintenance Division of the University is carrying out the necessary minor repairs. According to the agreement signed, the necessary advances have been set off from the amount payable to the contractor and securities have been handed over to the Bank of Ceylon in order to recover the balance sum. The Bank of Ceylon had not granted that money to the University as yet and follow up action thereon is in progress.</p>	<p>Action should be expeditiously taken to recover the outstanding money and utilize the building by adjusting its shortcomings.</p>

(b) Foreign Projects

The relevant proposals and expenditure plan had not been furnished to the Audit regarding the assistance of Rs.5 million of the Higher Education Project and the Development Activities Accelerating Project implemented by the Government of the Democratic Socialist Republic of Sri Lanka in collaboration with the World Bank for the provision of equipment for the Wayamba University to carry out its social activities and to improve, strengthen and develop the Faculties of the University.

The Action Plan of the project has been presented by the Project Achievement Template (PAT) and it is a part of the agreement. Project activities are carried out in accordance with the Project Achievement Template. However, the certified copies of the proposals presented by the Wayamba University have been requested from the relevant Divisions and action will be taken to submit them to the Government Audit once such copies are received.

The project office should take stapes to present the agreed reports and registers to the Audit.

3.7 Procurement Management

Audit Observation

(a) Two projects the estimated value of which was Rs.8.5 million included in the Procurement Plan had not been implemented

Comments of the Management

Purchase of equipment for the library auditorium amounted to Rs.7.5 million. Since the provisions allocated therefor in the year 2018 were inadequate, it had been recommended to make purchase in an ensuing year. Therefore, Rs.6 million out of those provisions was used for the improvement of internet facilities of the auditorium and the balance was used for the purchase of equipment to the library. The amount needed for the purchase of laboratory equipment for the English Unit is Rs.01 million. Since the English Unit has not forwarded

Recommendation

Action should be taken in accordance with Procurement Plan.

applications for the equipment, action has not been taken to make relevant purchase.

- (b) Although provisions of Rs.198,216,000 had been made for 16 incomplete projects which had been commenced during the preceding years, a detailed Procurement Plan in terms of Section 10 of the above Circular had not been prepared.
- A detailed Procurement Plan has been prepared for the year 2019 including the projects which had been commenced in the preceding years, but not completed the works thereof.
- In the preparation of Procurement Plan all the matters should be taken into consideration.

3.8 Deficiencies in Contract Administration

Audit Observation	Comments of the Management	Recommendation
<p>(a) A supplementary estimate of Rs.11,142,146 had been presented for the Applied Science Faculty building, while stating that the approval therefor was received under the Cabinet Memorandum No.HE/PR/2016/26 dated 26 June 2014 and third column of Annexure 01 and further stating that the constructions should be completed within the prescribed time frame without any variation in the total estimate. The constructions had been commenced contrary to the procurement procedure and the Cabinet approval, without calling for competitive bids and without an agreement and an approval, while including non-additional works worth Rs.5,833,250 relating to connecting existing building and the new building by detailed sub-estimate according to the Item No.10</p>	<p>Even though an estimate amounting to Rs.11.1 million had been presented for the additional works, the Work Engineer had made recommendations to carry out the works, only if the payments therefor could be made with the approved cost of Rs.367 million. The Cabinet approval granted to the effect that the above construction should be completed without effecting variations to the total cost estimate, has not been breached. According to the requirements of the Dean and the Heads of Departments of the Faculty of Applied Sciences, works of the Item No.05 have been included in the additional work estimate while taking into consideration their requests. Nevertheless, it is not influential to vary the total cost estimate. The University has taken steps to get the additional works done by the contractor that had been proposed as per</p>	<p>Constructions should be completed within the prescribed time without incurring an additional cost.</p>

of the above estimate and construction of a vehicle yard worth Rs.1,485,225 and construction of walls valued at Rs.1,082,250 by the Item No.05 of the estimate.

the requirement and the request of the Faculty and not to incur any additional cost for that purpose. Since these additional works could be completed by the main contractor, there was no need to call for quotations from another contractor.

(b) No progress whatsoever had been achieved even by the year under review in relation to 14 works-in-progress valued at Rs.60,887,137 as at 31 December 2016 and 15 works-in-progress valued at Rs.452,953,884 as at 31 December 2017.

In the settlement of final bills of these works, balances thereof will be deducted. These balances are deducted upon the final bills/ retention bills received during the above two years. As a result of carrying out constructions with higher value by the Faculty of Medicine, higher amount is shown herein from the year 2017.

Action should be taken to settle the bills expeditiously.

3.9 Human Resource Management

Audit Observations

Comments of the Management

Recommendation

(a) Details on the Approved Cadre and Actual Cadre are as follows.

Details on the Staff	Approved Cadre	Actual Cadre	No. of Vacancies	Excess
Academic				
Permanent (Faculties, Units and Libraries,)	238	183	55	-
Assistants	25	12	13	01
Contracts	124	120	04	-
	387	315	72	01
Non-Academic				
Executive	40	36	04	-
Secondary	229	183	46	-
Primary	242	206	36	-
	511	425	86	-
Total	898	740	158	01

According to the current Performance Report furnished to Audit, vacancies of the total staff remained at 18 per cent and the vacancies of the permanent academic staff and assistant staff stood at 26 per cent. Although 14 academic staff members had been approved for the Faculty of Medicine commenced by the Wayamba University, only two staff members had been recruited during the year under review for the academic affairs and action had not been taken to recruit recommended 05 Lecturers.

The delays occur in the submission of name list prepared by the Ministry of Higher Education for filling vacancies of the posts exist under the University Grants Commission Circular No.876 affect the process of filling vacancies. The number of vacancies of non-academic, non-administrative posts was 82 as at 21.12.2018 and it is expected to fill those vacancies in the year 2019.

Action should be taken immediately to make recruitments for the staff vacancies.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation	Comments of the Management	Recommendation
<p>(a) Details of the approved cadre, the budget of the relevant year and the imprest requirements had not been included in the Action Plan prepared together with the Corporate Plan that had been prepared in accordance with the No. 01/2014 of the State Finance Circular No.PED/RED/01/04/2014/01 dated 17 February 2014 of the Ministry of Finance and Planning.</p>	<p>The budgeted amount for each item has been included in the Action Plan and the details of the approved cadre have been included in the Corporate Plan prepared for the period from 2019-2023.</p>	<p>Action should be taken in accordance with the circulars.</p>
<p>(b) According to the Action Plan prepared by the University for the year under review, identified 164 objectives should have been implemented. Nevertheless, 30 objectives had not been achieved.</p>	<p>Activities that had been planned to be implemented in the year 2018, but could not be completed during the year 2018 will be included in the Action Plan pertaining to the year 2019 and those are expected to be completed in the year 2019.</p>	<p>Steps should be taken to achieve the targets.</p>

4.2 Internal Audit

Audit Observation	Comments of the Management	Recommendation
Activities such as computation of salaries, students enrolments, teaching activities and deployment of lecturers and visiting lecturers for that purpose and making payments, examination of internal arrangements made for the security of the assets, had not been included in the above programme.	Internal arrangements adopted in the fields are examined. It is expected to plan the programme so as to cover the fields stated in the audit query in the preparation of Internal Audit Programme of the year 2020.	Internal Audit Programme should be amended and new subjects should be included.

4.3 Budgetary Control

Audit Observation	Comments of the Management	Recommendation
Of the provisions amounting to Rs.296,700,000 received from the Treasury for 07 projects, provisions ranging from 20 per cent to 100 per cent had been saved.	At the beginning of the year 2018, the National Budget Department had allocated Rs.400 million to the University as capital provisions. According to the provisions releasing paper issued by the Treasury in May 2018, Rs.100 million had been granted under the capital provisions for the settlement of outstanding bills. On 14.09.2018, a request was made from the National Budget Department to transfer the above allocated Rs.100 million to the projects in progress. Nevertheless, action was not taken to transfer the provisions as requested.	Plans should be drawn to obtain provisions by identifying necessities through the detailed estimates and action should be taken to implement projects expeditiously.

4.4 Sustainable Development Goals

Audit Observation

Even though the University was aware of the circulars issued by the National Budget Department on the sustainable development, the University had not taken steps in connection with the functions to be discharged in terms of Agenda 2030 of the United Nations.

Comments of the Management

Not replied.

Recommendation

Attention should be drawn on this matter and contribution should be made towards the sustainable development.