

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Eastern University, Sri Lanka (“University”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 and 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 paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the University as at 31 December 2022, 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 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 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University 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 of the University.

1.4 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. 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, 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 Audit Observations on the preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standards

	Non- Compliance with the reference to particular Standard	Management Comment	Recommendation
(a)	According to Paragraph 69 of Sri Lanka Public Sector Accounting Standard 07, assets depreciation begins when it is available for use. However, as per the accounting policies of the University, assets will not be depreciated in the year of acquisition. As a result the depreciation for the year was understated by Rs.4,338,024.	-	Should be comply with the Sri Lanka Public Sector Accounting Standards.
(b)	The other assets costing for Rs.121,038,191 and the assets received from the Accelerating Higher Education Expansion and Development (AHEAD) Project costing for Rs.197,318,037 had been shown under property, plant equipment without categorizing of assets of a similar nature or function in an entity's operations according to Paragraph 50 of Sri Lanka Public Sector Accounting Standard 07.	That the measures have been undertaken to group other assets under similar nature from the 2023 financial statement and the depreciation rate will be disclosed.	Should be comply with the Sri Lanka Public Sector Accounting Standards.
(c)	Even though the fixed assets costing of Rs.1,079,954,567 and intangible assets costing of Rs.6,247,846 as at 31 December 2022 had been fully depreciated, the useful lifetime of non-current assets and intangible assets had not been reviewed annually in terms of paragraph 65 of the Sri Lanka Public Sector Accounting Standard 7 and Paragraph 103 of Sri Lanka Public Sector Accounting Standard 20 and they were being further used. Accordingly, action had not been taken to revise the estimated error in terms of Sri Lanka Public Sector Accounting Standard 3.	That the revaluation process of the assets is to be started to incorporate the updated values into the financial statements.	-do-
(d)	Capital grant and donations amounting to Rs.288,849,301 received during the year under review had not been recognized as revenue in	That the measures shall be undertaken to recognized as revenue	-do-

accordance with Sri Lanka Public Sector Accounting Standard 11. the aforementioned amount.

- (e) The livestock valued at Rs.4,646,464 had been incorrectly disclosed under Property, Plant & Equipment instead of being shown separately under non-current assets as biological assets in the statement of financial position, as required by Sri Lanka Public Sector Accounting Standard 18. That will be shown under the correct category. -do-

1.5.2 Accounting Deficiencies

Audit Issue	Management Comment	Recommendation
(a) Even though the depreciation had not been calculated for non-current assets received from the AHEAD Project during the years from 2019 to the year 2022. As a result, fixed assets and general reserve had been overstated by Rs.78,206,842 and Rs.39,880,387 respectively and the depreciation for the year had been had been understated by Rs.38,326,454. As a result, the deficit of the year had been understated by Rs.38,326,454.	That the necessary measures have been taken to rectify the issue in 2023 amending in the Journal.	Action should be taken to rectify the issue.
(b) The land with an extent of 241.2 hectares located in 15 places of the University had not been valued and brought to the accounts.	That the actions will be taken once the ownership transfer is finalized.	Lands value should be brought to the accounts.
(c) Even though a 3-storied building costed at Rs.224,269,514 had been handed over to the University in August 2020 after completing its constructions, the depreciation had not been accounted from that date until the year 2022. As a result, the building value and the general reserve had been overstated by Rs.14,951,301 and Rs.26,164,777 respectively and the depreciation for the year had been understated by Rs.11,213,476. As a result, the deficit of the year had been understated by Rs.11,213,476.	That although the handover documents stated the year 2020, concerns about capitalization arose and were addressed in 2022.	Depreciation should be calculated once the asset is available for use.
(d) The assets received from the AHEAD Project pertaining to Trincomalee Campus worth Rs.22,025,643 had been capitalized twice during the year under review. As a result, the property, plant, and equipment, as well as other grants had been overstated by that amount.	That it is rectified by JV in the Financial Statement of 2023	Action should be taken to establish controls to avoid duplicate capitalization of assets.

- | | | | |
|-----|---|--|---|
| (e) | The payment for entertainment allowance amounting to Rs.3,885,562 made through the University Development Fund had been erroneously credited to the entertainment allowance expenditure account instead of being treated as income. As a result, the income and expenditure for the year under review had been understated by Rs.3,885,562. | That the entertainment allowance has been paid out of the self-generated fund. | Action should be taken to ensure correct accounting treatment to avoid understating income and expenditure. |
| (f) | The restricted fund, gifts, donations, and other grants totaling Rs.1,112,648,116 were erroneously included as non-current liabilities in the statement of financial position as at 31 December 2022, without being shown as part of equity. | The financial statement has been prepared following the Public Enterprises circular for financial statement presentation. | Steps should be taken to accurately classify equity and liabilities in the statement of financial position. |
| (g) | The fixed assets received from AHEAD Project amounting to Rs. 65,105,980 had not been accounted for the year under review. | That the assets have been capitalized until 30 April 2022, and the remaining assets will be capitalized. | Action should be taken to brought to the accounts. |
| (h) | Direct debit in a bank account aggregating to Rs.3,925,059 and deposits in 2 bank accounts aggregating Rs.1,604,146 had been shown as unidentified debits and unrealized deposits respectively in the bank reconciliation without being identified as expenses and income for more than 12 years. | That the Council faced challenges in tracing pre-2009 documents, leading to write-offs. Multiple committees were appointed to address the issue. Approved recommendations resulted in write-offs of three bank accounts. | Action should be taken to identify those balances. |

1.5.3 Unreconciled Control Accounts or Records

Item	As per Financial Statements Rs.	As per Corresponding Record Rs.	Difference Rs.	Management Comment	Recommendation
Gratuity	513,790,136	534,911,501	21,121,365	That it is corrected by JV in the Financial statement of 2023.	The gratuity provision should be reconciled and adjusted to match with the schedule

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Issue	Management Comment	Recommendation
<p>Out of total receivables balances of Rs.455,463,867 as at 31 December 2022, a sum Rs.238,964,922 or equal to 52 percent had not been recovered from 03 to 40 years.</p> <p>Out of that, the bond value of Rs.150,320,855 was unable to recover from 70 lecturers who breached the bond agreements from 10 to 40 years.</p>	<p>The Council has declared the inability to trace documents before 2005 and is addressing unknown deficiencies before 2009 through write-offs. The University is actively working to rectify the issue in compliance with regulations and COPE guidance. Further actions will be taken once necessary documents are retrieved for older advances predating 2010.</p> <p>Bond Recovery and Review Committee advised to obtain the consent from bond defaulters to recover the bond values from their available UPF balances.</p>	<p>Action should be taken to recover receivables and bond value.</p>

1.6.2 Payables

Audit Issue	Management Comment	Recommendation
<p>The cost-of-living allowance arrears, over-recovered loans and advances, sundry creditors, and audit fees payable aggregating Rs.3,973,526 as of 31 December 2022, have remained payable by the University for a period ranging from 3 to 18 years without taking proper action to settle them.</p>	<p>That the efforts are currently underway to settle all outstanding payables in a timely manner.</p>	<p>Action should be taken to settle the payables.</p>

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

Reference to Laws, Rules Regulations etc.	Non- Compliance	Management Comment	Recommendation
<p>(a) Financial Regulations of the Government of the Democratic Socialist Republic of Sri Lanka FR 571</p>	<p>Action had not been taken to settle or credit to the government revenue of retention money amounting to Rs.15,940,456, and refundable deposits amounting to Rs.6,916,081 which have remained in the accounts for a period ranging from 03 to 07 years.</p>	<p>That the retention money will be paid after the defect liability period.</p>	<p>Financial Regulation should be followed.</p>

(b) Establishments Code of the University Grants Commission and the Higher Educational Institutions

-
- | | | | |
|--|--|---|--|
| (i) Section 1.1 of Chapter IV | A Senior Lecturer Gr I, initially appointed as a Lecturer in the Department of Computer Science at Trincomalee Campus, was transferred to the Department of Multidisciplinary Studies at the Faculty of Technology, Eastern University, contrary to the regulations. Whereas, the Lecturer conducted only 45 lecture hours or 7 percent of the expected work norms in the Faculty of Technology between 19 November 2020 to 01 September 2022. | The Council had transferred him based on the Grievance Committee recommendation and to settle the issues amicably. | Action should be taken to comply with of the E-code. |
| (ii) Sub-section 20.8 of Chapter III and Sub-section 4.1 of Chapter VI | The Council had accepted the resignation of a Senior Assistant Librarian on 24 February 2018 and a Senior Lecturer attached to the Department of Botany on 29 August 2020. Subsequently, the Senior Assistant Librarian and the Lecturer were re-employed to their previous positions with effect from 17 May 2018 and 02 September 2020, respectively. However, the Salary Steps had been placed contrary to the regulations. As a result, an overpayment of Rs.4,965,152 was made to both officers since their re-employment until 31 December 2022. | The Council authorized the Vice-chancellor to decide on re-employment and the same salary point decided as before her resignation as Senior Lecturer Gr. I in Botany, based on relevant sections. | -Do- |
| (iii) Sub-section 26.7.2 of Chapter III | The Visiting Lecturers had been recruited without being advertised in the press. | Action will be taken to regularize the practice in future. | -Do- |
| (iv) Sub-section 3.1 of Chapter XX and Circular Letter No.10/2017 dated 10 July 2017 of UGC. | Salaries and Allowances amounting to Rs.978,942,951 had been paid in the year under review without confirming the arrivals and the departures of the academic staff. | That the academic staff do not record their attendance in the finger scanner by tradition. | E-code and circular instructions should be followed. |

(v) Section 3 of Chapter XXVI as amended by the Establishment Circular Letter No.04/2013 dated 10 April 2013 of UGC.	Although the Annual Board of Survey for the year under review should be conducted and the report thereon should be furnished to the Auditor General on or before 17 March 2023, such report had not been furnished to audit even by 07 July 2023. Further, the action on the recommendation made in the board of survey report and disposal of unserviceable items thereon for the years 2020 and 2021 had not been completed.	That the staff was directed for timely BOS report submission. The auction for the disposal of unserviceable items for the year 2019 was made in April 2023 and preparing for 2020 and 2021 auctions.	-Do-
	Further, according to the board of survey Report for the year 2020, 579 items have been reported as lost from 18 divisions of the University. However, action had not been taken as per Financial regulation 103(1).	The investigation is underway to determine accountability, and appropriate measures will be taken.	Action should be taken in terms of the Financial Regulation
(c) University Grants Commission Circulars -----			
(i) Letter dated 12 October 2018	The Mahapola Trust Fund component amounted to Rs.2,305,000 which should have been reimbursed monthly, had remained as recoverable for over three years without being reimbursed.	That the regular communication and follow-up was maintained with the UGC regarding the reimbursement of bursary funds.	Action should be taken to comply with the Circular.
(ii) Establishment Circular No. 15/2015 dated 17 November 2015 of the University Grants Commission.	Out of 215 subjects in exams conducted in the Faculty of Arts and Culture in 2022, the results for 31 subjects were delayed for 01 to 05 months. Similarly, out of 42 subjects in exams conducted in the Faculty of Science in 2022, the results for 24 subjects were delayed by 1 to 7 months.	That the action has been taken to release the exam result on time according to the Establishment Circular No. 15/2015.	-Do-
(iii) Paragraph 4 of Commission Circular No. 01/2022 dated 03 January 2022.	The verification of the cost of Library Books & Periodicals costing for Rs.130,298,076 as at 31 December 2022 had not been conducted.	That the library has completed the digital inventory of all its books and the Board of Survey is currently underway.	-Do-

(iv) Financial Circular Letter No. 03/2022 and dated 23 February 2022.	The monthly fuel limit had been limited to 145 liters to the Vice Chancellors of state universities during the year 2022. However, 2,983 liters of fuel, worth of Rs.1,012,079 had been provided excessively in contrary to the approved limit during the period from January to September 2022.	That the action has been already taken to obtain the approval from UGC with a recommendation of the Council.	-Do-
(d) Letter No. EUSL/EST/06/2015 dated 12 October 2015 of Competent Authority of the University as per the 257th meeting held on 03 October 2015.	The medical officer had not followed the instruction with regard to scan the finger print in system even up to 27 February 2023 and a sum of Rs. 9,277,829 had been paid as salary and allowances from October 2015 to February 2023.	That a record book for daily attendance had been maintained and that has been monitored by the Registrar periodically.	Action should be taken to comply with of the E-code and the Council decision.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs.503,716,980, and the corresponding deficit in the preceding year amounted to Rs.244,038,580. Therefore, a deterioration amounting to Rs.259,678,400 of the financial result was observed. The reasons for the deterioration are the increase in depreciation & amortization expenses, contractual services, other operating expenses, and supplies & consumables by Rs.90,222,753, Rs.70,678,489, Rs.56,721,660, and Rs.53,213,132, respectively mainly attributed to the above deterioration.

2.2 Trend Analysis of Major Expenditure items

The expenditure of the University such as personal emoluments for the year under review had been increased by Rs.144,475,594 and 9 per cent compared with preceding year.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
(a) Although a sum of Rs.6,247,846 had been paid for the preparation of Fixed Assets Register to the Private Firm during the period from 2013 to 2015, the register had not been systematically updated and some of transaction were not entered even by the 31 December 2022. As a result, the expenditure for preparing the register had become fruitless.	The Ninety percentage of updating the fixed asset on system is completed and action is taken to expedite the progress.	Action should be taken to update and rectify the issues in the Fixed Assets Register.

- | | | | |
|-----|---|---|---|
| (b) | A lecturer in the English Language Teaching Unit, signed a bond of Rs.14,258,446 for a Ph.D in the UK, had been granted study leave. However, the University had requested to return to Sri Lanka due to a computation error in study leave, as a result the University had been paid an additional amount of Rs.3,601,837, action had not been taken against the responsible officer. | Initially granted 45 months' study leave, later reduced to 39 months by oversight. After, she appealed for 45 months, which was eventually approved by the Council. | Action should be taken against the responsible officer. |
| (c) | The University has provided facilities to accommodate two branches of government banks and two automatic teller machines (ATMs) since 2014, without any entering to a formal agreement. Furthermore, no rent has been collected from these entities even up to now. | Action had been taken to obtain the rental amount from the Valuation Department and to sign the formal agreement with the Banks. | Action should be taken to sign the agreement and collect the rent. |
| (d) | A Senior Assistant Librarian had resigned on 02 March 2018, and joined the Central Bank of Sri Lanka. The Council accepted the resignation but couldn't notify due to union action. After resuming duty on 17 May 2018, the Council treated the break as unpaid Sabbatical Leave, counting it as continuous service. However, he had breached the Letter of Appointment's clause 14 by assuming Chief Librarian role at CBSL from 02 March to 16 May 2018 without permission. Furthermore, salary step was set at Rs.67,807 instead of Rs.62,695, violating Chapter III 20.8 and Chapter VI 4.1, leading to Rs.2,553,876 overpayment until 31 Dec 2022. | The Council approved his withdrawal request, considering no prior service or office held. The period was converted to 'Sabbatical Leave on No-Pay', leading to re-employment at the same salary point on 17 May 2018. | Action should be taken for the violation of the letter of appointment, or as per the re-employment procedure. |
| (e) | The Faculty of Healthcare Sciences relocated to a newly constructed building in September 2022. However, the previously occupied buildings, which were capitalized in 2013 at a cost of Rs.67,853,580, have remained vacant and unrented, resulting in a lost opportunity to generate additional income. | The progress is in underway. | Action should be taken to utilize the building to generate an additional income. |

3.2 Operating Inefficiencies

Audit Issue	Management Comment	Recommendation
(a) The existing subjects and syllabus of the University should be updated to suit the job market and the national economy of the country and also the curriculum should also include technical subjects and language skills to adapt to the ever-changing job market. However, the syllabus in the Faculties of Applied Science, has not been revised since it's commencement.	The BSc in Computer Science curriculum has been revised and is awaiting approval.	Action had to be taken to revise the curriculum to adapt to the ever-changing job market without further delay.

- | | | | |
|-----|--|---|---|
| (b) | According to the student's Prospectus, the Bachelor of Siddha Medicine (BSMS) Degree program at Trincomalee Campus should be completed within 05 academic years. However, the BSMS program in 2014/2015 academic year, which 46 students were registered in the year 2016, spent 07 years to complete the program. This delay in completing the degree program could be negatively impact the career and employment opportunities of the students. Additionally, students who registered for the 2012/2013 and 2013/2014 academic years, held in 2014 and 2015 respectively, also exceeded the 7-year timeframe to complete the studies. | The campus experienced multiple closures due to clashes and external factors like Easter attack, Covid-19, and economic crisis. Staff shortages also contributed to delays. Only 40 students completed the 2013/2014 batch due to dropouts and ineligibility for final exams. | Action had to be taken to ensure the completion of the degree program in timely and improve career prospects. |
| (c) | A sum of Rs.7,500,000 had been approved in the year 2015 as research grants for a professor to complete the research in May 2020 as per final extension. However, out of that allocation, Rs.4,500,000 was spent, but the research had not been completed even up to 04 May 2023. | The researcher submitted the final research and waiting for incorporating reviewers' comments. | Action should be taken to complete the research without further delay. |

3.3 Idle or underutilized funds

Audit Issue	Management Comment	Recommendation
(a) Funds total amounting Rs.3,495,497 had not been utilized for their intended purposes for a period ranging from 2 to 5 years.	The remaining portion continues to be judiciously utilized for the defined objectives, as stipulated.	Action should be taken to utilize the fund for the intended purposes.
(b) A sum of Rs.263,374,811 had been spent under the Kuwait Fund on the supply of furniture, medical technical equipment, and internet services for the Faculty of Healthcare Sciences. However, 70 types of medical equipment and boardroom systems amounting to Rs.147,574,057 had not been used for their intended purposes for period ranging from 1 to 2 years due to the unavailability of air conditioning, lab furniture and cupboard infrastructure facility and funding constraints.	Since the Kuwait Fund had been temporarily restricted due to the government policy decision all procurements of equipment and furniture have been suspended. Once the Kuwait fund is released, the necessary facilities will be provided.	Action had to be taken to prioritize securing funding or exploring alternative sources to essential medical lab facilities to ensure proper equipment usage and enhance student practical sessions.
(c) The furniture and equipment, valued at Rs.41,121,595, provided by the AHEAD project to 5 faculties during the years 2020 to 2022, had not been utilized for their intended purposes for periods ranging from 5 months to 3 years.	The pre-Asset Verification Audit had been done by the University. Accordingly, action had been taken to rectify the issue.	Action should be taken to utilize the furniture and equipment for the intended purposes.

- | | | |
|---|---|---|
| (d) One thousand two hundred and one folding tables, which are used for examination purposes and belong to the Academic Affairs Division, had not been verified by the board of survey. During the audit inspection, 124 folding tables from the division were found to be stored at the old agriculture faculty premises without being used. | Immediate action will be taken to rectify the issue. | Action had to be taken to rectify the issue. |
| (e) At a physical verification of assets, it was found that the 4 vehicles including two cars, van and a lorry, total costed for Rs.6,006,875 had not been utilized for their intended purposes since June 2021 up to now. However, proper action regarding this matter had not been taken. | Aging vehicles with frequent breakdowns and high fuel consumption demand costly maintenance. Limited use only for essential situations. Plans underway to auction them for efficient disposal, making room for dependable transportation options. | Action should be taken to utilize the vehicles or conduct an auction to improve efficiency and reduce maintenance expenses. |

3.4 Delays in Projects or Capital Works

Audit Issue	Management Comment	Recommendation
(a) Without a proper feasibility study and adequate funding, the contract for the construction of an internal road in the Trincomalee campus was awarded to the Road Development Authority on 02 May 2017. The contract value for Phase-I was Rs.55,775,000 out of a total cost estimate of Rs.145,000,000. According to the agreement, the contract was supposed to be completed by 01 November 2017. However, the contract for Phase-I was abandoned in November 2017 with only 45 percent physical progress. Subsequently, the contract was recommenced on 03 December 2019, but the overall physical progress was only 36 percent as at 23 May 2023.	Payment delays stopped from fund allocation assumptions. Eastern University and RDA agreement in 2019 aimed to resolve. Easter attack, COVID-19, economic crisis disadvantaged progress. Despite challenges, Phase I reached 95% completion by late 2022	Action should be taken to complete the construction without further delay.
(b) The contract for the construction of a building complex for a Multipurpose Auditorium at the Trincomalee Campus was awarded with a contract value of Rs.674,470,220 on 09 August 2018. As per the agreement, the contract was supposed to be completed by 08 February 2021. However, the physical progress was only 09 percent as at 23 May 2023.	Construction project delayed by funding shortfall—only Rs.25Mn given of Rs.155Mn advance. The Contractor's slow progress led to contract termination suggestion. The contractor expressed willingness to continue, but the project faced further delays due to the COVID-19 and economic crisis, which affected progress until mid-2021.	-Do-

3.5 Human Resources Management

Audit Issue	Management Comment	Recommendation
(a) Even though the carder for Nursing Officer Grade II was approved by the UGC on 31 January 2013 as per the revised carder 2012, a permanent Nursing Officer had not been recruited even up to now. Nevertheless, a Nursing Officer on contract basis had been recruited over 10 years.	Multiple recruitment calls in Jan 2016 and Feb 2021 yielded no qualified applicants for cadre vacancies. Contractual Nursing Officer's term extended due to medical center demand.	Action had to be taken to fill the vacancy.
(b) Fifty-five positions such as Professor, Lecturer, Temporary Demonstrator, Temporary Nursing Officer, and Temporary Research Assistant at Faculty of Healthcare Sciences have remained vacant even as at the date of this report.	Although numerous ads, professor vacancies saw minimal interest, some fields had no applicants. Few appointments in 5 years due to Health Ministry retention.	-Do-

4. Accountability and Good Governances

4.1 Annual Action Plan

Audit Issue	Management Comment	Recommendation
According to the action plan for the year 2022, a total activities of 1,262 were planned to be implemented across 6 Faculties and 10 other sections, including Divisions, Centers, Units, and Cells. However, out of these planned activities, 638 activities had not been commenced, which accounts for 51 percent of the total planned activities.	2022 Progress reports acquired, revealing economic crisis-related fund shortages and student unavailability as key reasons for activity delays.	Action should be taken to implement the activities to achieve the goals.