

1. Financial statements

1.1 Qualified Opinion

The audit of the financial statements of the General Sir John Kotelawala Defence University for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income, statement of changes in equity, and cash flow statement for the year then ended and notes to 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 presented in Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the University as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). 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 determines 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 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'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 Audit Scope

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:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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 audit 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 audit 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;
- 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 Related to the Preparation of Financial Statements

1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standards

Noncompliance with the reference to particular standards	Management Comments	Recommendation
(a) Contrary to paragraphs 42, 76, and 99 of Sri Lanka Public Sector Accounting Standard No. 01, it was observed in the previous year's audit that printing press income amounting to Rs.18,504,114, printing press expenditure amounting to Rs.8,433,158, and receivable balances amounting to Rs.4,497,917 as at 31 December 2023 had not been adjusted into the financial statements for the period from 7 March 2023 to 31 December 2023. However, since the necessary adjustments had not been made during the year under review, the accumulated loss had been overstated by Rs.10,070,956. Furthermore, these adjustments had not been made during the current year under review either. Accordingly, the printing press income of Rs.19,105,758, printing press expenditure of Rs.15,558,566, closing stock of Rs.5,656,580 as at the end of the year and a bank balance of Rs.813,419 as per the bank statement had not been presented in the financial statements. As a result, the loss for the year under review had been overstated by Rs.3,547,192 and current assets had been understated by Rs.10,967,913.	Press account is prepared as an Independent Institute due to the approval taken to operate the Press as Independent Institute in the Board Meeting on 07 March 2023.	Should comply with Sri Lanka Public Sector Accounting Standards No. 1 in calculating surplus or shortage of the year having accounted all income, expenditure and assets.
(b) As per the paragraphs 48, of Sri Lanka Public Sector Accounting Standard No. 01, though assets and liabilities should not be disclosed by setting off each other, credit	Deposits but not the slip was presented even before the end of the month, are recorded in the cash book as receipts by	Should comply with Sri Lanka Public Sector Accounting Standards in presenting assets and

debtor balance of Rs.37,091,230 had been deducted and presented in the financial statements, accordingly, the assets and liabilities of the financial statements had been understated by that amount.	crediting them into Course Fee Receivable-General account. Though these students had not been recognised correctly, it was deducted from debtor balance as it should be debited to Course fee Receivable-General account.	liabilities in the financial statements.
(c) As per the paragraph 13 of Sri Lanka Public Sector Accounting Standard No. 07, though Cloak and related items used by the University for convocations should be recognized under property, plant and equipment, but the Cloaks and related items valued at Rs.19,482,345 had been disclosed under stocks as uniforms and clothes. Accordingly, stocks had been overstated and property, plant and equipment understated in the financial statements in the year under review by that amount.	Agreed with the Audit observation. Make a note to recognise the depreciation by identifying as a fixed asset in future.	Action should be taken in future to rectify in financial statements in compliance with Public Sector Accounting Standards.
(d) With reference to the above-mentioned paragraph, according to section 64 of the Standard, though the depreciable value of the assets should be distributed gradually among the effective life time, the loss of the year under review had been understated due to disclosing of Cloaks and related items as stocks and also that lost cannot be computed in the audit.	Agreed with the Audit observation. Make a note to recognize the depreciation by identifying as a fixed asset in future.	Action should be taken in future to record depreciation in compliance with Public Sector Accounting Standards.
(e) Contrary to paragraph 14 of Sri Lanka Public Sector Accounting Standard No. 07, the set of equipment utilized by the Endoscopy Unit from 19 September 2022 had been shown in trade and other receivable balances reasoning the understatement of fixed assets by Rs.24,723,156 and overstatement of current assets by that amount had been shown. Further, understatement of Rs.2,472,316 in the loss of the year and understatement of Rs.3,169,982 in the cumulative loss had been shown in the	Calculating of depreciation for this equipment since from 06 June 2023 due to the depreciation of all assets is based on the date of issuing the receipt note. Therefore, agree with the observation of understatement of Rs.2,472,316 in the loss for the year due to non-depreciating of assets but not the observation of understatement of cumulative	Action should be taken in future to recognise, record and depreciate fixed assets in compliance with Public Sector Accounting Standards.

financial statements due to non-depreciating of those assets for the years 2022, 2023 and 2024. loss by Rs.3,169,982.

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| <p>(f) Contrary to paragraph 14 of Sri Lanka Public Sector Accounting Standard No. 07, due to the inclusion of the surgery item sets cost of Rs.7,845,381 using for Gynecological and obstetric Surgery in to the balance of trade and other receivables, understatement of fixed assets overstatement of current assets had been shown by that amount. Further, due to not providing depreciation for these items from June 2019 to 2024, understatement in the loss of the year 2024 by Rs.784,538 and understatement of cumulative loss by Rs.3,557,289 had been shown.</p> | <p>Make a note to rectify this problem and recognize the relevant value as an asset in future.</p> | <p>Action should be taken in future to record with correct recognition of assets and depreciation in compliance with Public Sector Accounting Standards.</p> |
| <p>(g) Contrary to paragraph 38 of Sri Lanka Public Sector Accounting Standard No. 09, inclusion of toner and cartridge purchased during the years 2015 and 2016 amounting to Rs.22,858,871 which were remaining in the stocks without issuing for Rs.3,600,465 in the stocks, and the loss for the year had been understated by that amount due to non-providing provision and Rapid Antigen and 2,725 sets of PCR amounting to Rs.2,936,288 and 363,012 units of drugs and injections amounting to Rs.16,441,056 in the University Hospital had been expired, and there by the loss of the year had been understated by that amounts due to non-providing provisions in that regard.</p> | <p>Agree with the audit observation and actions will be taken to maintain stocks separately in future.</p> | <p>Should take actions to make provisions for expiry stocks in comply with Sri Lanka Public Sector Accounting Standards.</p> |

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) 1,275 chairs amounting to Rs.84,848,400 had been purchased under the project of constructing University auditorium. A sum of Rs.29,272,698 (with VAT) advance had been paid for that purchase on 07 June 2023. Two interim payments of Rs.60,794,261 had been paid in this regard. Accordingly, those chairs had been delivered to the University on 14 November 2023. However advance amount paid in this regard had been remain in the financial statements even as at the end of the year under review as mobilization advance, overstatement of current assets by Rs.29,272,698 and also understatement of working progress in non-current assets had been shown by that amount.	Make a note to rectify Rs.29,272,698 accounted as mobilisation advance by transferring into working progress account and action will be taken in future to recognize as fixed assets by fixing those entire amount of chairs in auditorium building.	Should record work in progress with correct recognition.
(b) Overstatement of Rs.5,349,465 with relating to previous year laundry revenue receivable, overstatement of Rs.803,925 laundry revenue and laundry revenue receivable of the year under review had been shown.	Make a note to correct the misstatements and recover receivable balances.	Should include revenue correctly in the financial statements.
(c) Though stock verification should be conducted at least once a year based on the preparation of financial statements by the Management to satisfy the reliability of stocks system, the reliability and the correctness of the stocks amounting to Rs.224,362,977 shown in the financial statements could not be verified in audit due to not giving stock valuation sheets request by the auditor in that regard.	It seems that inquiring information from Head of Finance Office that from which sources the stock information in related reports were taken and how the reliability had been verified.	Should conduct a stock verification to verify the correctness of the stock value.

(d)	Purchase advance of Rs.709,820 shown as credit balance in the year 2022 had not been adjusted in the financial statement even as at the end of the year under review, and as per the detail schedule presented with relating to unsettle advances of Southern Pavilion even as at the end of the year under review was Rs.677,563 thus it was shown as Rs.1,763,601 in the financial statements, the overstatement of Rs.1,086,038 had been shown in current assets.	Make a note to rectify by examine ledger and schedule.	Should take actions to include correct advances value in ledger accounts.
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1.5.3 Lack of Written Evidence for Audit

Items	Value Rs.	Lack of Evidence	Comments of the Management	Recommendation
Expenditure	5,000,000	Payment vouchers	Internal Inquiry Board had been appointed in this regard and further remedies will be taken.	Should present vouchers for audit.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Observation	Comments of the Management	Recommendation
A sum of Rs.331,000 given to welfare fund in the year 2022 which was included in other receivable balances had not been recovered even as at the end of the year 2024. Further rent income of Rs.6,000,000 included in rent income receivable of Rs.12,070,570 would be receivable from KDU Hotel Institute. Also year 01 to 04 period had been lapsed without recovering on supplying electricity and water of Rs.5,314,450 from Planning and Development Finance Institute, University Hospital and World Food Programme, also year 02 to 05 period had been lapsed for failing to recover amount receivable of Rs.119,467,611 due to violating bonds by University student, permanent staff and Cadet Officers.	Relevant legal actions were taken to recover. Considerable time would be spent for legal actions.	Should take actions to recover receivable balances immediately.

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

	Reference to the Laws and Regulations etc.	Non - compliance	Management Comments	Recommendation
(a)	Section 12.2.5 of the Establishment Code of the Democratic Socialist Republic of Sri Lanka	It was approved in University Management Board Meeting No. 644 to appoint Head of Finance of the University to cover up duties in the post of Accountant in Miloda Institute on 1 July 2022 and to pay 25 per cent of basic salary of the Accountant for covering up duties. Though, assistant Head of Finance had been appointed from 13 September 2022, a sum of Rs.452,238 had been paid as covering up duty allowances from October 2022 to October 2023. Actions had not been taken to correct this even as at the end of the year under review.	Qualified and experienced Head of Finance of the University was appointed to cover up duties in Accountant post in Metropolitan Campus studies Institute due to the officer assigned from Army on 13 September 2022 is assuming duties only for 03 days per week in Metropolitan Institute and experience of that officer is minimum.	Should comply with Establishment Code
(b)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i)	F.R. 200, 128, 103 from 108	According to above Financial Regulations, it is a responsibility of Chief Accounting Officers and Accounting Officers to introduce sufficient procedures in activities including spending Government funds, financial control and accounting, and actions with relating to errors or frauds. Further, according to regulation 8 of Sir John Kotelawala Defence Training Institute issued on 11 November 1988, it was mentioned that the Accountant appointed by the	The approval was granted by the Board of Directors Meeting held on 07 March 2023 to control through a Board consisting the Deputy Vice Chancellor (Defence and Control) as the Chief, to operate the Press as an Independent Institute and to grant a loan amount of Rs.5 million.	Should take actions to fulfil the responsibility of the Press as per the Financial Regulations.

Management Board should comply with the Government Financial Regulations. However it was revealed in audit that promoting non-compliance of financial regulations by the reason of giving approval the Press to be operated as Independent Institute by the Management Board on 08 March 2023 and taking actions to grant a sum of Rs.5,000,000 to the Press through the voucher No. 954-G on 13 March 2023.

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| (ii) | F.R. 384 from 386 | Though cheques should be crossed and open cheques should not be issued, 24 cheques of cheque book consisting with cheque numbers from 31951 to 31975 had been issued as cash cheques were valued at Rs.5,516,486. Further, as per the bank statements, other than above cheques 35 cheques amounting to Rs.3,760,843 had been issued as cash cheques from July to October 2023. | Those cash is properly been issued to Operating Manager recruited for KDU Press only for material and services requested made in written by Officer In Charge of the Press for related printing activities. | Should take actions in issuing cheques as per the Financial Regulations. |
| (iii) | F.R. 139(6) | Though, when making payments by a cheque, the receivers name should be matched with voucher details, cheques had not been issued to the person name mentioned in the invoices presented for audit by the Press, and also out of these cash cheques 8 cheques amounting to Rs.1,538,945 had been written and issued by his own name by the Officer In Charge of writing and signing the cheques. | Those cash is properly been issued to Operating Manager recruited for KDU Press only for material and services requested made in written by Officer In Charge of the Press for related printing activities. | Should take actions in writing cheques as per the Financial Regulations. |

(iv)	F.R. 257 and F.R. 225	As per the Financial Regulations 257, payment should be made only on certified vouchers, it is considered the payments made on uncertified vouchers as unauthorized payments and actions should be taken to recover such amount for responsible officers on such payments and though, vouchers in relevant forms and vouchers prepared in filling in relevant format with correct and complete manner should be presented for all payments, the Press payments had not been made on the prepared and certified vouchers.	Relevant materials and services were purchased by giving cash for Operating Manager through encashing cheques for amount equal for that material after getting the recommendation of Press officer in command and the approval of Vice Chancellor for the vouchers of all printing activities.	Should take actions to make payments on certified vouchers as per the Financial Regulations.
(v)	F.R. 272	All payment vouchers should be kept secure by preparing its continuous order, though it is responsible to keep ready to audit by completing relevant information, the Press had failed to present payment vouchers even as at the end of the report date.	Relevant materials and services were purchased by giving cash for Operating Manager through encashing cheques for amount equal for that material after getting the recommendation of Press officer in command and the approval of Vice Chancellor for the vouchers of all printing activities.	Should present vouchers for audit as per the Financial Regulations.
(vi)	F.R. 262(2)	Though paid seal, paid date with the signature or initials of the paid officer, should be placed in all paid vouchers and all those confirmation documents, such stamp had not been placed by the Press for any such invoice presented for purchases made from the	Relevant materials and services were purchased by giving cash for Operating Manager through encashing cheques for amount equal for that material after getting the	Signature of the paying officer and the paid seal should be placed as per the Financial Regulations.

		cash of Rs.5,000,000 given to the Press.	recommendation of Press officer in command and the approval of Vice Chancellor for the vouchers of all printing activities.	
(vii)	F.R. 386 (3)	Though the voucher number should be mentioned in counterfoils of every written cheques, the Press had not complied accordingly.	Payments had been made by giving cash for Operating Manager through encashing cheques after getting the recommendation of Press officer in command and the approval of Vice Chancellor for the vouchers of all printing activities.	Voucher number should be recorded in the counterfoil as per the Financial Regulations.
(viii)	F.R. 136, 137, 138 and 140	Evidence would not been presented to audit that comply with Financial Regulations such as giving authority as per Financial Regulation 136, approving as per the Financial Regulation 137, paying cash for vouchers as per Financial Regulation 138, certifying vouchers as per Financial Regulations 140 for expenditure made by the Press.	Payments had been made after getting the recommendation of Press officer in command and the approval of Vice Chancellor for the vouchers of all printing activities.	Should take actions as per the Financial Regulations.
(c)	Section 11.4 of Public Enterprises Circular No. 01/2024 dated on 28 February 2024	Though, the officer entitle to have an official vehicle serving employments in many Institutions under the Government, only one vehicle should be provided for that officer. Accordingly, 03 vehicles with fuel and drivers had been given to Chief Accountant, Internal Auditor, Director Medical Officer	Vehicles in present Hospital fleet had not been provided for officers personal use and all vehicles are used for common use of the Hospital.	Investigation should be conducted for non-complying with the Circular directions.

respectively by Sri Lanka Army in the year 2024 audited period, as a reason of allocating 03 vehicles to above officers by the University Hospital, a sum of Rs.2,400,000 as rent expenses and a sum of Rs.1,316,790 as fuel expenses had been spent contrary to the above circular.

(d)	Financial Regulation 371(5) amended by Public Finance Circular No. 2020/01 dated on 28 August 2022	Even though sub imprest should be resettled within 10 days from the date of completing the related activity, 13 instances of advances of Rs.544,854 between 12 to 718 days period, 12 instances of purchase advances of Rs.3,439,336 between 11 to 169 days period had been settled with and advance of Rs.62,029 given in the year 2021 had not been settled even at 1,117 days lapsed. Further, according to the Financial Regulation 371(2)(a) paragraph amended by the above circular ad hoc sub imprest should be given maximum up to Rs.100,000 one at a time only for officers grade for any special activity and approval had been granted to increase ad hoc advances amount only in 03 extra ordinary instances by the letter dated 27 June 2024 of Department of Public Enterprises. Actions had been taken to grant advances aggregating to Rs.21,384,590 by exceeding the limit of Rs.100,000 on 54 instances during the year under review for activities which were not	External Doctors and other Specialist are attending for exam supervisions in examination activities of medical and co-health faculty. Ad hoc advances exceeding the amount of Rs.100,000 is to be given on pre-planned and approved budget for spending on emergency expenses on above such complicated activities. Those sub-imprest are been settled immediately by relevant officers immediately after the end of exam activities, and if any balance remaining from the advance amount taken, that would be re-deposited in the University account.	It should be responsible to settle sub imprest during in the relevant time period and not to exceeding the limit of Rs.100,000 in terms of Financial Regulations and Circulars.
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included in the above three
extra ordinary instances.

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a deficit of Rs.7,350,567,251 and the corresponding deficit of the previous year was Rs.4,682,837,905. Accordingly in the financial result a decline of Rs.2,667,729,346 was observed. This decline was mainly due to the decrease in Government recurring contribution by Rs.2,046,133,569 and decrease in interest income by Rs.626,588,234 and increase in hospital expenditure by Rs.425,579,269.

2.2 Trend Analysis of Major Income and Expenditure Subjects

- (a) The total income of the year under review had decreased by Rs.1,871,823,682 that is by 18.44 per cent compared to the previous year, this was due to the decrease in interest income as a result of removal fixed deposits investment maintained in foreign currency.
- (b) The total expenditure of the year under review has increased by Rs.740,446,454 that is by 8.65 per cent compared to the previous year, and this was due to the increase in staff salary and allowances, maintenance expenses and hospital expenses compared to the previous year and that increase was 21 per cent, 27 per cent and 35 per cent respectively. Among the salary and allowances, salary and wages by Rs.259,532,469 that is by 14 per cent, research allowances by Rs.42,095,761 that is by 67 per cent, Among the maintenance expenses, equipment and furniture maintenance expenses by Rs.80,430,034 that is by 43 per cent, and public area expenses of the hospital by Rs.345,422,727 that is by 45 per cent, had been increased.

2.3 Ratio Analysis

- (a) The ratio of return on equity from (-11.01) per cent in the previous year had dropped to (-19.41) per cent in the year under review.
- (b) The current ratio in the year under review had decreased to 0.48:1 from 0.91:1 of the previous year
- (c) Debt equity ratio was 0.73:1 in the previous year and it had increased to 0.85:1 in the year under review.

3. Operational Review
3.1 Management Inefficiencies

Audit Observation	Management Comments	Recommendation
(a) Drugs and injections 363,012 units amounting to Rs.16,441,056 had been expired in the University Hospital at the end of the year 2024, and those drugs had been kept in the stores and several Hospital units even after the expiration of year 01 to 06 time period.	Impossibility of taking decision of the number of patient to be presented for treatment at the time of Hospital opening, and drugs and injections could not be exchanged due to unavailability of drugs management software.	Should take remedial actions to manage drugs stocks correctly.
(b) The University Teaching Hospital was established on the land of 21.5815 Hectares belonging to the Ceylon Transport Board located in Kesbewa Divisional Secretariat. The value of the buildings belonging to the teaching hospital built on that land was Rs.45,385,484,229, and the cost of Rs.1,216,884,293 had been incurred for the development of the land. Though, more than 08 years was lapsed in completing the construction, acquisition of the relevant land had not been completed.	This land is presently own by Provident Property Lanka Company Limited and request were made through letteres to Commisioner General of Department of Land, Ministry of Defence and Kesbewa Divisional Secretariat for nessary actions of the acquisition activities. Though, more than two years period were lapsed for the Cabinet Dissision given to acquire the land for teaching hospital of Kotelawala Defence University, Actions were not taken in this regard. It is pleased to be informed that further actions should be taken as per the instuuctions of Ministry of Defence.	Should take acquisition activities to acquire the Hospital land with the coordination of relevant Public Institutions.
(c) The Cabinet Decision No. AMA/21/0584/303/052 dated 20 April 2021 had given the Cabinet approval to determine the appropriate number of employees and obtain the approval of the Department of Management Services for the transfer of the Miloda Institute of Financial Studies to the University, however	Staff Cadre was sent to Management Services Department for approval.	Should take remedies to get the approval immediately for suitable staff cadre.

University had failed to get the approval of the cadre even as at the end of the year under review.

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| <p>(d) According to the General Sir John Kotelawala State Defence Training Institutions Act No. 68 of 1981 amended by Acts No. 27 of 1988 and No. 50 of 2007, the awarding of degrees to local and foreign students who were not cadet officers or Government officers had included from the year 2011 on the basis of payment of money. The Committee on Public Accounts held on 21 March 2018, it was informed to amend the relevant act to suit the university to cover the issues of student enrolment and the validity of the decisions of the governing body, but the revision of the act was not completed even during the year under review.</p> | <p>Requests were made on 27 June 2024 from the Ministry of Defence to arrange for obtaining the certificate of conformity from the Attorney General Department for the Bill. A letter was forwarded on 28 November 2024 by the Legal Draftsman to this University as to get a new approval from the Cabinet of Ministers to go forward with the Bill. A letter was sent to the Ministry of Defence on 11 December 2024 by referring directions in that regard.</p> | <p>Should take remedial actions to amend the Act immediately as per the directions made by the Committee on Public Enterprises.</p> |
| <p>(e) Even though, by the procurement awarding letter dated on 09 May 2022 has inform that SAGE 300 ERP Solution computer software should be establish on or before 25 June 2022, the payroll module had been established as at the end of the year under review, however that was not in operating level.</p> | <p>Payroll module had properly been established and parallel run had been conducted to prepare salaries of previous months through old and new modules. However many new revision had to be made again to the salary module due to the salary revision introduced by the Government in the month of April 2025.</p> | <p>Should utilize with establishing software as per the all requirements identified in procurement process.</p> |

3.2 Idle or Underutilized Property, Plant and Equipment

	Audit Observation	Management Comments	Recommendation
(a)	In the year 2018, an Pneumatic Tube System was installed connecting 56 stations at a cost of Rs.96,846,900 (USD530,000) for the purpose of transporting laboratory test materials and reports writhing the University Hospital. Out of which only 52 divisions had travelled in the year under review, 20 units had not been operated even as at the date of audit. Further, 43,307 travels had been conducted through this system during the year under review and when compared with the 70,217 travels conducted during the year 2023, a decrease of 38 per cent had been shown.	The service agreement of this system was lapsed on 21 April 2023. 04 out of 56 were not functioning even as at that time and a sum of American Dollar 17,490 were spent for service agreement. Because of unavailability of funds in the Hospital to spent higher cost on service agreement, the audit and Management Committee Meeting held on 07 November 2024 had recommended to utilize until to end of the life time of that system.	Should take immediate remedial actions to utilize Air Duct system, established by spending massive cost, in maximum capacity for Hospital activities.
(b)	Ward No. 5A, 7A, and 7B and Intensive Care Units No.02, 03 and 04 of the Hospital were kept without utilizing from May 2022 to the end of the year under review, and medical equipment in those units valued at Rs.210,190,808 were also in idle.	Ward No. 7A and 7B and its medical equipment are in under operation. Some medical equipment and goods of the Hospital were not in the operational level due to unavailability of sufficient human resources. Recruitments were restricted by the Government and relevant medical equipment would be utilized as soon as the relevant human resource available.	Should prepare and implement the strategies to utilize all wards and medical equipment of the Hospital in full capacity.

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| (c) | <p>Quantity of 136 in 14 medical equipment items valued at Rs.13,992,414 were kept in idle in stores where the warranty period has lapsed as at 31 March 2025, and those items had been received to the stores in the years 2018, 2019, 2021. Quantity of 05 in 02 medical equipment items valued at Rs.186,506,145 purchased for cardiothoracic unit in the years 2022 and 2023 had been kept idle in stores, and out of them warranty period of 03 units of one medical equipment item valued at Rs.58,198,545 had been lapsed. 14 Hospital beds purchased in the year 2017 had been kept in the stores without utilizing.</p> | <p>These medical equipment had been issued for wards opened during Covid 19 period and handed over to this stores again to keep them safe due to closing of wards with the pandemic ends. These equipment is issued in conducting maintenance activities and workshops. Further, some of these medical equipment had been manufactured with stainless steel and issuing will be done on the requirement in future.</p> | <p>Should utilize the idle medical equipment as effective.</p> |
| d) | <p>675 reinforcement valued at Rs.2,786,850 purchased without proper identification of the requirement in the year 2021 were kept idle in the stores of Southern Pavilion, and actions had not be taken to utilize this stock for useful economic activity by the University.</p> | <p>Further, actions will be taken based on the recommendations of the Board appointed as required on audit observations.</p> | <p>Should take actions to utilize idle assets for useful economic activity.</p> |

3.3 Project or Capital Works Delays

Audit Observation

Though, management information system planned to establish by spending American Dollar 1,300,334 had to be completed on 24 February 2023, this project should have to be completed 22 January 2025 after extending the time in 03 instances. However 90 per cent of this project had only been completed even as at the date of audit on 30 April 2025, and the amount spending at that time was American Dollar 1,075,164.34.

Management Comments

The project should be completed on 08 January 2025. Though, the software configuration and customization were completed as required, system could not be operated live as expected. 88.5 per cent hardware commissioning and 100 per cent of software commissioning 85 per cent software customization with 90 per cent overall progress is achieved.

Recommendation

Should take actions to achieve expected result by establishing the system as planned.

3.4 Procurement Management

Audit Observation	Management Comments	Recommendation
(a) As per the Procurement Guideline 3.5.1 (d), no Government agency is qualified for direct contract method as automated, and requirements shown under 3.5.1 (c) should be fulfilled in that regard, purchase had been made in direct contract method by the Press for the purchases made for Rs.4,676,475 registration of suppliers by using price comparison method or calling quotations from popular suppliers in yellow pages or not in comply with Procurement Guideline. Further, preparation of relevant technical specifications for the purchases had not been prepared by the Press.	Instructions were given to comply with tender procedures in future.	Should take actions to call quotations in accordance with the Procurement Guideline.
(b) It had been entered in to an agreement on 18 May 2018 with a private institute by the University to purchase 50 meters Air Floor for 440 units of High Suction Controller and 07 units of Low Suction Controller amounting to Rs.17,493,620, and a sum of Rs.9,160,362 had been paid to the relevant Institute by opening up a letter of credit in the year 2019. Goods received notes or its copies had not been included in relevant stores or in the file folder No. KDU/PRO/CAP/1251/2017 to verify the receipt of these equipment properly to the Hospital stores. As per the observations in physical verification on 02 May 2025, above equipment had been remained idle in hospital stores from almost 05 years period without any use. According to the	Though this procurement file with the subject of this medical equipment stock had been opened prior to the opening of University Hospital, requirement of this medical item stocks and the end user regard had no any clear record. Hospital Intensive Care Unit is not in the level of complete functioning due to insufficient human resources and no requirement is occurred for medical items. The stocks received to the stores had failed quality check. Re ordering those goods again and quality check and the report will be submitted.	Should conduct an investigation with regarding the purchase of these idle and failed medical equipment and also remained without using.

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 24(13) and dated 14 August 2024,
 even though medical procurement
 office had been aware on 18
 October 2023 by stores as to
 conduct quality check of above
 equipment, that test had not been
 conducted even as at 02 May
 2025.

(c) The chairs had been received to the University on 14 November 2023 as per the agreement signed on 10 March 2023 to purchase 1,275 chairs at a value of Rs.84,848,400 for University auditorium. Due to non-completing of constructions of the auditorium remained idle in the construction building and the warranty period of one year had also been lapsed.

Though, it had been received to the Institute on 07 June 2023, due to the construction activities of University auditorium building is also not yet been completed those chairs were not fixed in the auditorium. It is in the agreement that the relevant goods to be supplied and to be fixed by the supplier of the purchase contract.

To take remedies for effective utilization immediately.