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Annual Report
Uva Wellassa University

ஆண்டறிக்கை
ஊவா வெல்லஸ்ஸ பல்கலைக்கழகம்

2015



Uva Wellassa University
Passara Road
Badulla.



www.uwu.ac.lk



VISION

Be the center of excellence for value addition to the national resources through creation and dissemination of knowledge in the areas of emerging technologies, sustainable production practices and processes in agriculture and industry, entrepreneurship, sustainable management practices and processes, and medical sciences to achieve prosperity and well being

MISSION

To produce well-rounded and fully employable technocratic and entrepreneurial graduates who are equipped with relevant knowledge, essential skills, entrepreneurial abilities, values, and attitudes to make outstanding contributions to national development by adding value to economic activity

GOALS OF THE UNIVERSITY

The Goals of the University are specified since its commencement and are given below.

1. The University aims to develop into the most attractive planned university offering the most conducive environment for academic work with excellent infrastructure supported by leading edge technology. This goal will be achieved by developing modern lecture halls with state of the art teaching aids and communication equipment, fully furnished and equipped laboratory complexes and a library for teaching and research.
2. Introducing new broad-based programmes with outstanding combinations of subjects of relevance to economic development with a strong emphasis on value addition. The University will introduce new degree programmes relevant to economic development and value addition from time to time while constantly maintaining the standard of the degree programmes.
3. Every student of the University is to be provided with broad based education, essential skills and entrepreneurial skills making them well rounded graduates matching the demands of society.
4. The University will develop degree programmes of multidisciplinary nature and use innovative and flexible mechanisms to deliver these programs effectively and breakaway from traditional knowledge silos in the University system whilst conforming to requirements under the Universities Act, to drive the University with a modern approach towards the vision. Faculty Boards and Senate facilitates the activities of Course committees and all degree programmes share the lecturers as a common resource irrespective of departmental affiliations.
5. Conduct research and development on chosen major objectives relevant to national economic goals and build up portfolios of research around three major objectives. Progress learning activities based on such research and build up knowledge giving priority to government and private sector interests and identify areas that need further research on value addition.
6. Feel the pulse of undergraduate, postgraduate, Specialty, Corporate, and continuing education markets and to modify and develop programmes catering to their demands.
7. Create and maintain an environment and develop organization capital with top class academic excellence. This implies that we develop organization capital with top class entrepreneurial leadership, multidisciplinary teams and unique organization culture.
8. Become an exemplary service procurer for all non-core activities and an employer of both academic and non-academic staff in core areas of activity and empower them to fulfill the mission of the University. The University recruits outstanding, committed dynamic, skilled academic and administrative staff to pursue this goal.

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1. Vice Chancellor's Review



Uva Wellassa University was established as an experiment to bridge the incompatibility gap between employment criteria and higher education graduate output. The University is established on 1st June 2005 as the 14th national university of Sri Lanka. Thus it differentiated from traditional university system with modern educational concepts and primarily aimed for employability of graduates with exceptional skills and competence. The reviewers comment that the university shown stupendous results that has stunned the higher educational set up in this country and achieves success beyond expectations.

The Uva Wellassa University is the first all entrepreneurial university. University is spread across 59 acres land located on a magnificent mountainous Badulla area with spectacular panoramic views.

Uva Wellassa University focuses on research and learning with strong emphasis on value addition to the national resources of Sri Lanka. We produce all rounded leaders. They are capable of using scientific, technological and entrepreneurial knowledge for economic development of the country.

Uva Wellassa University has three faculties which offer multidisciplinary degree programs catering to local and global needs.

Faculty	Degree Programmes
Animal Science & Export Agriculture	Animal Science Export Agriculture Tea Technology & Value Addition Aquatic Resources Technology Palm & Latex Technology and Value Addition
Science & Technology	Science & Technology Computer Science & Technology Industrial Information Technology Mineral Resources & Technology
Management	Entrepreneurship & Management Hospitality, Tourism and Events Management

Table: Faculties and Degree Programmes of the University

In addition to the above programmes, action has been taken to start new Degree Programmes namely, Engineering Technology and Biosystems Technology under the Technology Programmes.

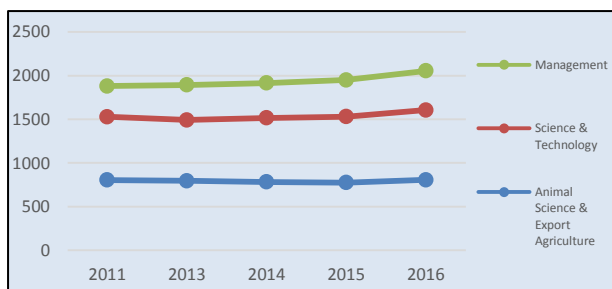


Figure: Undergraduate Population (2011 - 2016)

The University has been able to achieve considerable objectives and has planned an annual intake of students to be increased as a policy of the government. In the year 2015 the total student population was 1978 and the total academic, administrative and other staff was around 225.

Broad general education provides a strong foundation to the students. Multiple languages helps to bridge the language barrier among students. Significant number of students benefited from the hostel facilities which are well managed and a good environment exists for their studies. The university attempts to develop an environment conducive to inculcate cultural and ethical values in the students by providing all the required facilities of a residential university. Further academic curricula have been revised with consulting industries and stake holders to meet the employability requirement of graduates.

Title of the Degree Programme	Year				
	2011	2012	2013	2014	2015
Animal Science	29	36	50	35	42
Export Agriculture	32	38	37	31	43
Tea Technology & Value Addition	-	40	42	37	43
Aquatic Resources Technology	-	-	47	39	39
Palm & Latex Technology and Value addition	-	-	39	38	44
Science & Technology	38	38	35	41	35
Computer Science & Technology	36	43	39	40	42
Industrial Information Technology	-	41	40	43	40
Mineral Resources & Technology	-	49	36	34	31
Entrepreneurship & Management	38	52	47	47	49
Hospitality, Tourism and Events Management	-	-	32	51	42
Total	173	337	444	436	450

Table: Graduate Output 2011-2015

The past five batches of graduates were readily absorbed to the employment slots of the country. With this records University maintains an employability rate within the range of 80% to 100%. Uva Wellassa University is assuring a promising future to its graduands. With high employability rates it is proven to be a success.

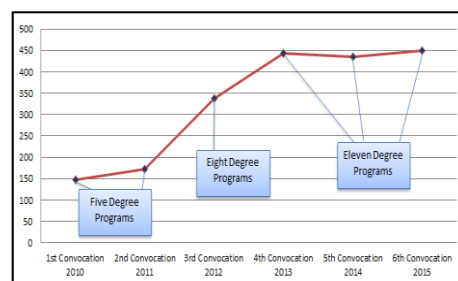


Figure: Graduate Output 2010-2015

The Center for Open Distance Learning (CODL) has been modified and courses such as Certificate courses and Diploma courses have been started for stakeholders of Uva Province in the fields of Information Technology and English. In addition, preliminary arrangements have been completed to start external degree programme under the Faculty of Management.

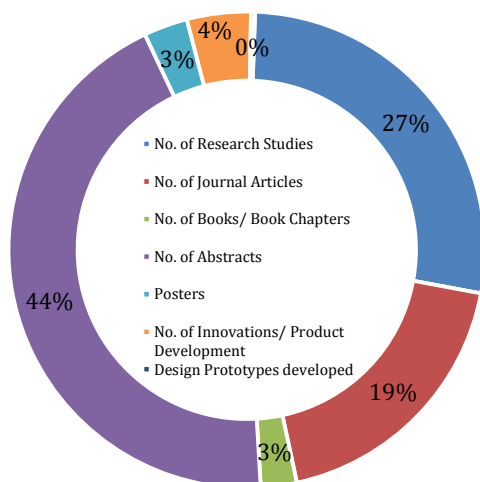


Figure: Research & Development Output - 2015

Uva Wellassa University has research as one pillar of service rendered by staff members from the outset. The research, innovations and publications were in a satisfactory level and the number of publications for the year is around 346 and 05 local and international awards have been received. Research Sessions are conducted within a very short period of time to present research finding, so that the young researchers are able to start their career by presenting their findings to the research community. Research of the University directly contribute to the national resources development and social welfare.

Staff development centre in the university is committed to hold workshops in scientific and research writing. Research funds were provided to academic staff in spite of budgetary constraints.

Most of the vacancies of academic & non-academic staff have been filed and request has been made to the Treasury for next year man power requirements.

Staff		2011	2012	2013	2014	2015
Academic Staff	Professor	01 (on visiting basis)	-	-	-	-
	Senior Lecturer	11	10	13	21	38
	Lecturer/ Lecturer (Pro.)	75	75	78	68	63
Administrative Staff		12	15	13	16	15
Support Staff		04	04	04	04	40
Total		102	104	108	109	156

Table: Improvement in Human Resources

Previous Operation Assistants system is no more operative and services of trainees have been limited only for six months. Considering modern management concepts, the University has outsourced the services of its staff namely, security service, cleaning service, and some other operational services. It was able to provide considerable service to the young youths in Uva Province providing training facilities in the University.

Under infrastructure development, a new sport complex and a pavilion have been constructed. University Sports Division has been modernized and new equipment to develop

sports activities of the students have been purchased and presently such facilities are being used by the students. New senate building approximately cost of Rs.150 million has been constructed and accommodated by administrative and academic staff.

Quality Assurance Division and Career Guidance Division were improved and two senior staff members have been appointed as Directors on part-time basis to improve the quality of academic programmes and also the Career Guidance Division regularly conducting job fairs to train the students for their future employment.

The Financial progress of year 2015 is indicated below;

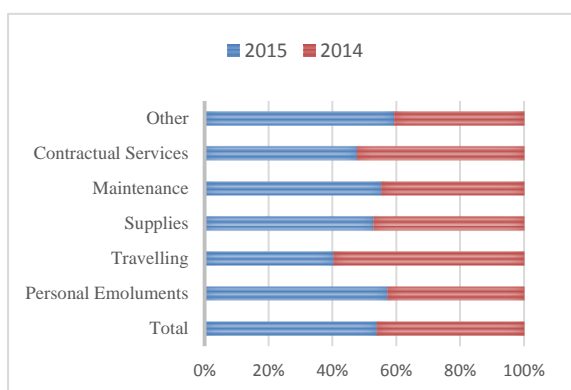


Figure: Details of Recurrent Expenditure

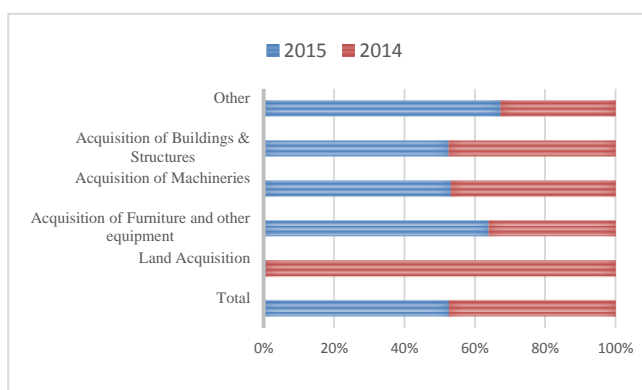


Figure: Details of Capital Expenditure

Corporate Plan & Action Plan for the year 2016-2020 have been prepared and the University Council has approved the same. Further, Monitoring and Review Committee has been appointed to see the implementation progress of the Corporate Plan & Action Plan.

Dr. G. Chandrasena
Vice Chancellor
Uva Wellassa University

02. Council & Senate

2.1 The Council – 2015

Vice Chancellor

Dr. G. Chandrasena

Deans of the Faculties

Dr. S.C. Jayamanne	Animal Science & Export Agriculture
Dr. A.M.A.N.B. Attanayake	Science & Technology (up to 17.07.2015)
Dr. E. P. S. K. Ediriweera	Science & Technology (from 21.08.2015)
Dr. P.I.N. Fernando	Management

Senate Representatives

Dr. K.B. Wijesekara

Dr. L.M.H.R. Alwis

UGC Appointed Members

Ven. Muruddeniye Dammarathana Thero	(up to 14.03.2015)
Mr. R. Dissanayake	(up to 20.04.2015)
Mr. S.M. Jayathilaka	(up to 13.03.2015)
Dr. M.K.D. Senanayake	(up to 20.04.2015)
Mr. P.G. Rathnayake	(up to 13.03.2015)
Mr. L.G.L.G. Gunathilake	(up to 20.04.2015)
Mr. M.M.V. Peiris	(up to 20.04.2015)
Dr. K.B. Galketiya	(up to 23.09.2015)
Dr. W. Abeykoon	(from 20.04.2015)
Mr. T. Nandasena	(from 20.04.2015)
Dr. A. Gunawardena	(from 20.04.2015)
Mr. N. Abeysiri	(from 20.04.2015 to 16.10.2015)
Mr. H. Dayawansa	(from 20.04.2015)

2.2 The Senate – 2015

Vice Chancellor

Dr. G. Chandrasena

Deans of the Faculties

Dr. S.C. Jayamanne	Animal Science & Export Agriculture
Dr. A.M.A.N.B. Attanayake	Faculty of Science & Technology (up to 17.07.2015)
Dr. E.P.S.K. Ediriweera	Science & Technology (from 21.08.2015)
Dr. P.I.N. Fernando	Management

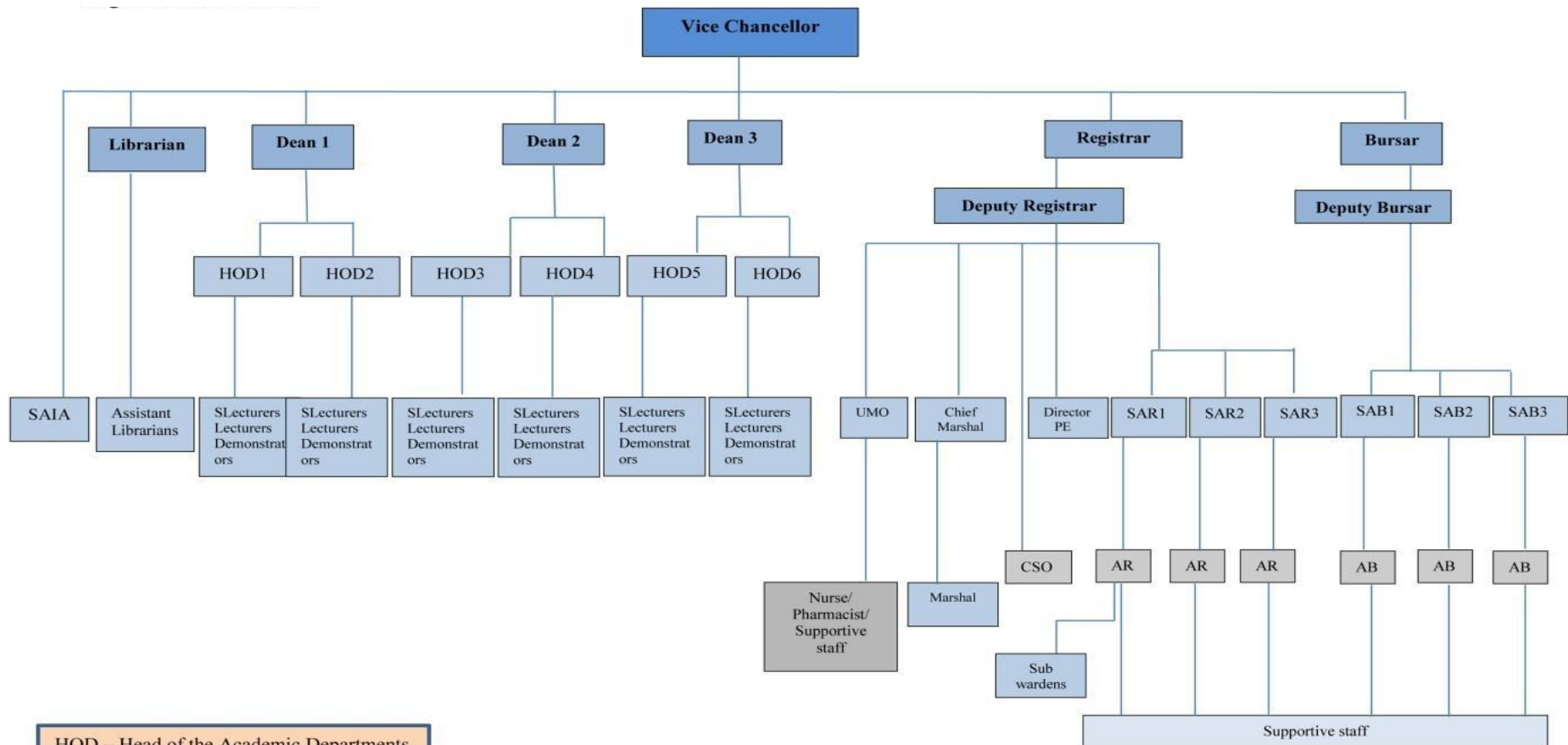
Heads of the Departments

Dr. D.K.D.D. Jayasena	Animal Science
Dr. L.M.H.R. Alwis	Export Agriculture
Dr. K.B. Wijesekara	Science & Technology
Dr. E.P.S.K Ediriweera	Computer Science and Technology (Acting)
Mr. G.H. Abeyweera	Management Science
Dr. H.R.N. Peiris	Public Administration

Faculty Representatives

Ms. P.B.A.I.K Bulumula	Animal Science & Export Agriculture
Dr. R.R.M.K.K. Wijesundera	Animal Science & Export Agriculture (01.10.2015 - 31.12.2015)
Ms. R.M.C.W.M. Rathnayake	Animal Science & Export Agriculture
Dr. P.M. Sirimanne	Science & Technology
Dr. A.R. Kumarasinghe	Science & Technology
Dr. P.H.T. Kumara	Management
Mr. M. Rubavathanan	Management
Ms. D.P.C. Vithana	Assistant Librarian

03. Organizational Structure – Uva Wellassa University



HOD – Head of the Academic Departments
 SAIA – Senior Assistant Internal Auditor
 UMO – University Medical Officer
 Director PE – Director Physical Education
 CSO – Chief Security Officer
 SAR – Senior Assistant Registrar
 SAB – Senior Assistant Bursar
 AR – Assistant Registrar
 AB – Assistant Bursar

4.

Students Affairs

- **Student Enrollment**
- **New Entrants**
- **Foreign Students**
- **Undergraduate Output**
- **Hostel Facilities – University Owned and Rented Hostels**
- **Scholarships - Mahapola, Bursary and Other Scholarships**

4.1 Students & Human Resources

Faculty	Course of Study	Total Students	Total Academic Staff	Total Non-Academic Staff
Animal Science & Export Agriculture	Animal Science	186	68	There were 40 non academic and 15 Administrative staff members who were shared by all three faculties and the General Administration
	Export Agriculture	169		
	Tea Technology & Value Addition	136		
	Aquatic Resources Technology	154		
	Palm & Latex Technology and Value Addition	144		
Science & Technology	Science & Technology	185	72	
	Computer Science & Technology	215		
	Industrial Information Technology	194		
	Mineral Resources & Technology	169		
Management	Entrepreneurship & Management	214	27	
	Hospitality, Tourism and Events Management	212		
Total		1978	167	

4.2 Enrolment of Students

Uva Wellassa University increased proposed number of intake in 2015. Accordingly UWU enrolls 60 students for each degree programme offered under the Faculty of Animal Science & Export Agriculture and the Faculty of Science & Technology and 65 students for the Faculty of Management. They were selected based on the performance in the G.C.E (A/L) Examination and on the performance at the Aptitude Test conducted by the Uva Wellassa University.

Faculty	Course of Study	Medium	1 st Year (2013/2014 Batch)	2 nd Year (2012/2013 Batch)	3 rd Year (2011/2012 Batch)	4 th Year (2010/2011 Batch)
Animal Science & Export Agriculture	Animal Science	English	48	47	47	44
	Export Agriculture		50	39	43	37
	Tea Technology & Value Addition		36	36	23	41
	Aquatic Resources Technology		38	42	34	40
	Palm & Latex Technology and Value Addition		42	33	24	45
Science & Technology	Science & Technology		43	50	49	43
	Computer Science & Technology		51	49	67	48
	Industrial Information Technology		62	49	38	45
	Mineral Resources & Technology		52	43	32	42

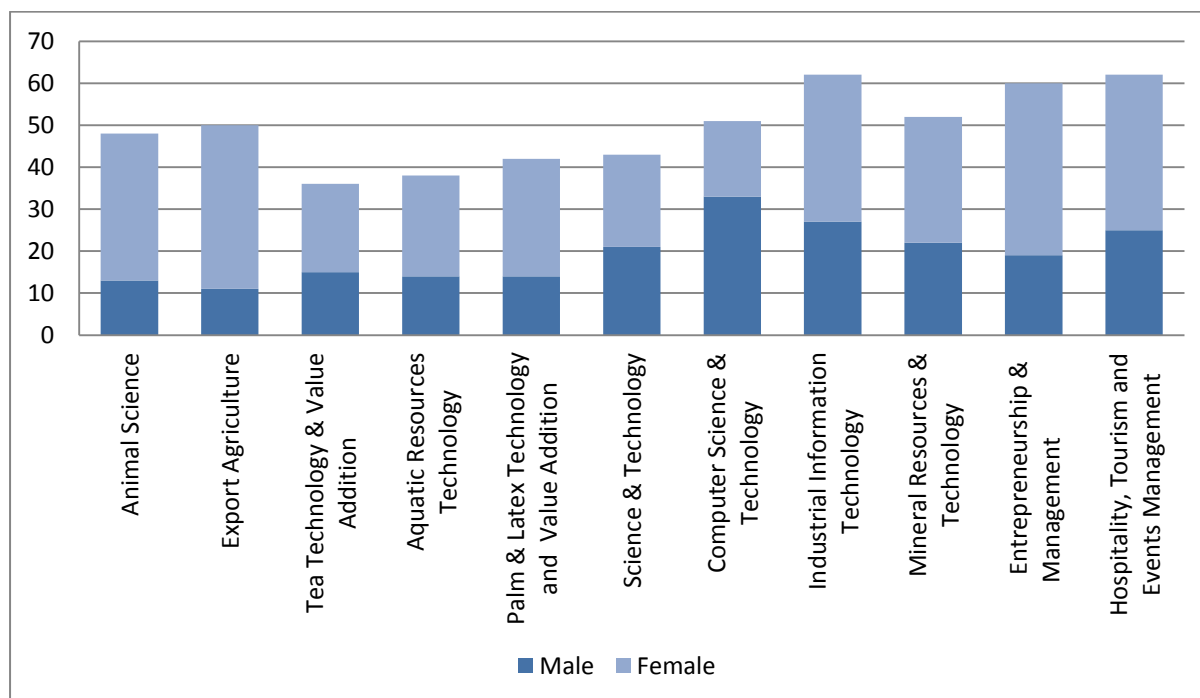
Management	Entrepreneurship & Management		60	53	52	49
	Hospitality, Tourism, and Events Management		62	48	55	47
Total			544	489	464	481

4.2.1 New Entrants to Undergraduate Degree Programmes - Local Students

Faculty	Course of Study	Year of Intake	Agreed Intake	Actual No. Registered
Animal Science & Export Agriculture	Animal Science	2013/14	60	48
	Export Agriculture		60	50
	Tea Technology & Value Addition		60	36
	Aquatic Resources Technology		60	38
	Palm & Latex Technology and Value Addition		60	42
Science & Technology	Science & Technology		60	43
	Computer Science & Technology		60	51
	Industrial Information Technology		60	62
	Mineral Resources & Technology		60	52
Management	Entrepreneurship & Management		65	60
	Hospitality, Tourism and Events Management		65	62

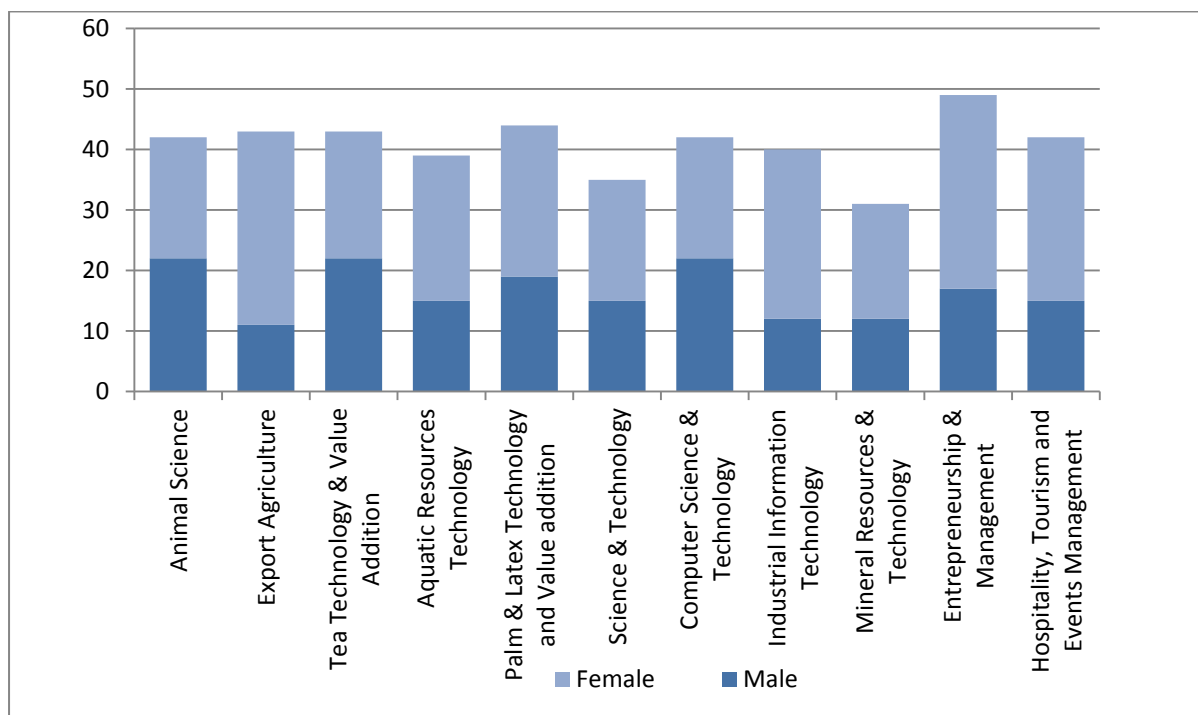
4.2.2 New Entrants to Undergraduate Degree Programmes - Foreign Students

Faculty	Course of Study	Year of Intake	Country	No. of Students Registered
Science & Technology	Computer Science & Technology	2013/14	Pakistan	02
	Industrial Information Technology			01

Gender Distribution of the New Intake - 2015 (2013/2014 Batch)**4.3 Undergraduate Output - 2015**

Title of the Degree Programme	Year - 2015		
	Male	Female	Total
Animal Science	22	20	42
Export Agriculture	11	32	43
Technology & Value Addition	22	21	43
Aquatic Resources Technology	15	24	39
Palm & Latex Technology and Value addition	19	25	44
Science & Technology	15	20	35
Computer Science & Technology	22	20	42
Industrial Information Technology	12	28	40
Mineral Resources & Technology	12	19	31
Entrepreneurship & Management	17	32	49
Hospitality, Tourism and Events Management	15	27	42
Total	182	268	450

Gender Distribution of the Students Graduated in the Year 2015 (2010/2011 Batch)



4.4 Hostels

4.4.1 University Owned Hostels

Name	Location	Capacity			Fee per Student per Year
		Male	Female	Total	
Corel Beauty	University Premises	129	-	194	5000.00
Silver Tips		65	-		
Blue Shaphare		-	138	276	
Cattalya		-	138		

4.4.2 Rented - Out Hostels

Location	Rent per Year (Rs.)	No. Occupants as at December 31, 2015		
		Male	Female	Total
Mahaweli	270,000	16	-	48
Knuckles	252,000	14	-	
Rabukpotha	352,800	18	-	
Gimhana	240,000	-	09	120
Hanthana	300,000	-	15	
Hanwella	277,200	-	13	
Kelani - A	192,780	-	10	
Kelani - B	192,780	-	11	
Walawa	207,900	-	10	
Samanala - 1	611,100	-	27	
Samanala - 2	259,344	-	09	
Samanala - 3	264,000	-	09	
Kalugalpitiya	120,000 (for 6 Months)	-	7	
Total	3,539,904	48	120	168

4.5 Scholarships

4.5.1 Mahapola & Bursaries - 2015

Faculty	Year of Intake	Year of Study	No. of Students Received	
			Mahapola	Bursary
Animal Science & Export Agriculture	2013/2014	1 st Year	26	78
	2012/2013	2 nd Year	63	34
	2011/2012	3 rd Year	71	10
	2010/2011	4 th Year	43	70
Science & Technology	2013/2014	1 st Year	53	35
	2012/2013	2 nd Year	81	11
	2011/2012	3 rd Year	74	17
	2010/2011	4 th Year	62	41
Management	2013/2014	1 st Year	17	63
	2012/2013	2 nd Year	51	12
	2011/2012	3 rd Year	18	32
	2010/2011	4 th Year	17	65
Total			576	468

4.5.2 Other Scholarships - 2015

Faculty	Name of the Scholarship	No. of Student Received the Scholarship
Animal Science & Export Agriculture	Chancellor Scholarship	126
Science & Technology		107
Management		56
Total		289

5.

Human Resources

- **Academic Staff**
- **Administrative Staff**
- **Academic Support & Non-Academic Staff**

5.1 Academic Staff

Faculty	Medium	Senior Professors	Professors	Senior Lecturers Gr. I/II	Lecturers	Lecturers (Prob.)	Tem. Lecturers/ Demonstrators
Animal Science & Export Agriculture	English	-	-	15	01	30	22
Science & Technology		-	-	14	-	16	42
Management	English/ Sinhala/ Tamil	-	-	09	05	08	05
Library		-	-	-	-	3 (Assistant Librarians)	-
Total		-	-	38	06	57	69

5.2 Administrative Staff

The number of Administrative Staff members served in each category for the year 2015 is as follows:

Category	Approved Cadre	Actual Cadre	Remarks
Registrar	1	1	On assignment basis
Bursar	1	1	-
Senior Assistant Registrar	7	5	Including 3 Nos. of Assistant Registrars in place of SARs
Senior Assistant Bursar	4	4	-
Senior Assistant Internal Auditor	1	1	-
Works Engineer	1	1	Service was obtained from Visiting Engineer. Permanent Works Engineer has been selected and approval be issued by UGC.
Chief Security Officer (Contract Basis)	1	1	Permanent CSO has been selected and approval be issued by UGC
Chief Marshal	1	0	-
Director Physical Education	1	0	Permanent Director/PE has been selected and approval be issued by UGC
Personal Secretary for Vice Chancellor	1	0	Vacant
University Medical Officer	2	1	Vacant (1)
Full Time Warden	1	0	Covered by the Academic Warden
Total	22	15	

5.3 Academic Support & Non-Academic Staff

The number of all non-academic and support staff members (both approved and actual cadre) of each category is given below;

Category	Approved Cadre	Actual Cadre	Remarks
Programmer Cum System Analyst	2	1	On Contract Basis
Instructor in Physical Education	2	1	--
Instructor (Computer Technology)	4	0	--
Sub Warden (Full Time)	4	1	--
Marshal	1	0	--
Supervisor (Civil)	1	1	On Contract Basis
Audit Assistants	1	1	--
Book Keeper	1	0	--
Pharmacist	1	1	--
Nurcing Officers/Nurse	2	0	--
Technical Officeres	12	2	--
Computer Application Assistant (CAA)	27	22	--
Stenographer (English)	5	5	--
Telephone Operetor Cum Receptionist	2	0	--
Library Assistant	3	1	--
Shroff	2	0	Covered up by CAA
Clerk	6	1	--
Store Keeper	2	1	--
Security Guard	1	0	--
Farm Supervisor	1	0	--
Guest House Keeper	3	0	--
Labourer	4	2	--
Electrician	1	0	--
Plumber	1	0	--
Carpenter	1	0	--
Fitter	1	0	--
Attendant (Health Services)	1	0	--
Laboratory Attendants	10	0	--
Driver	2	0	--
Total	104	40	

5.4 Distribution of Support Staff

Faculty / Branch	Senior Staff	Junior Staff	Minor Employees
Vice Chancellor's Office	--	03	--
Registrar's Office	--	02	--
Faculty of Animal Science & Export Agriculture	--	02	--
Faculty of Science & Technology	01	02	02
Faculty of Management	--	01	--
Student Affairs Division	03	02	--
Human Resource Division	--	02	--
General Administration Division	--	02	--
Examination Division	--	04	--
Senior Assistant Internal Auditor	--	02	--
Financial Division	01	08	--
Library	--	01	--
Medical Centre	--	01	--
Projects	--	01	--
Total	05	33	02

** Service of minor employees are outsourced*

6.

Research & Development

- **Research, Innovations & Publications**
- **Programmes, Seminars & Workshops**
- **Details of Awards**

6.1 Research, Innovations & Publications

Research, innovations and publications of the University during the year 2015.

Subject	Published	Presented
No. of Journal Articles	100	-
No. of Books/ Book Chapters	9	-
No. of Conference Papers Published as Full Papers in Conference Proceedings	24	-
No. of Abstracts	181	181
Posters	11	11
No. of Innovations/ Product Development	2	-
No. of Product Improvement	18	-
Design Prototypes Developed	1	1
Total	346	193

6.2 Programmes, Seminars & Workshops

Subject	Attended/ Offered	Completed
No. of Degree Programmes	11	-
No. of Certificate Programmes	05	-
No. of Community Service Delivery Programmes	-	18
Staff Development Seminars & Workshops	-	9
Total	16	27

6.3 Awards Received

Subject	No. of Awards	No. of Academics
Local Awards	5	5
International Awards	-	-
Total	5	5

Awards Received in 2015 in Detail

Award	Name/s of Recipients	Faculty
Presidential Awards for Scientific Publication	Dr. D.K.D.D. Jayasena	Animal Science & Export Agriculture
Best Presenter Award in “Animal Science Session” at the 27 th Annual Congress of Postgraduate Institute of Agriculture (PGIA), University of Peradeniya	Ms. N.M.N. Nambapana	
Overall Best Presenter Award at the 27 th Annual Congress of PGIA, University of Peradeniya	Ms. N.M.N. Nambapana	
NRC Merit Award for Scientific Publication	Dr. K.B. Wijesekara	Science & Technology
NRC Merit Award for Scientific Publication	Dr. E.P.S.K. Ediriweera	

7.

Finance & Audit

- **Recurrent Expenditure & Capital Expenditure**
- **Project Expenditure (Local/ Foreign Funded)**
- **Financial Progress (Expenditure)**
- **Financial Progress (Generated Income)**
- **Financial Performance Analysis 2015**
- **Infrastructure Facilities Received in 2015**
- **Statement of Financial Position as at December 2015**
- **Statement of Financial Performance for the Year Ended
December 31, 2015**
- **Cash Flow Statement for the Year Ended December 31, 2015**
- **Report of the Auditor General**
- **Answers to the Report of the Auditor General**

7.1 Recurrent Expenditure

Rs.

Subject	2015	2014
a. Personal Emoluments	213,723,414	159,510,038
b. Travelling	1,004,694	1,484,599
c. Supplies	10,315,367	9,223,701
d. Maintenance	3,659,271	2,962,331
e. Contractual Services	108,599,062	119,325,799
f. Other	27,172,161	18,602,962
Total	364,473,969	311,109,430

7.2 Capital Expenditure

Rs.

Subject	2015	2014
a. Land Acquisition	50,000	8,525,000
b. Acquisition of Furniture and other equipment	16,872,165	9,503,706
c. Acquisition of Machineries	23,078,162	20,281,326
d. Acquisition of Buildings & Structures	129,212,005	116,769,530
e. Other	6,507,281	3,157,270
Total	175,719,613	158,236,832

7.3 Project (Local / Foreign Funded)

Rs.Mn.

Name & Details	Loan / Grant	Funding Agency #	TCE	RFA	DF
Establishment of Uva Wellassa University Project Phase 1 and 2	-	-	3,420	-	✓
Total	-	-	3,420	-	-

7.4 Project Expenditure (Local/ Foreign Funded)

Rs. Mn

Name	TCE	Exp. in 2015	Exp. in 2014	Cumulative expenditure as at 31.12.2015	% of Physical Progress
Establishment Uva Wellassa University Project, Phase 1 & 2	3,420	122.87	70.80	2,023.37	70%
Total	3,420	122.87	70.80	2,023.37	70%

7.5 Financial Progress (Expenditure)

Rs.

Subject	Provision in 2015	Exp. in 2015	Savings/(Excess)
a. Recurrent except project	450,000,000	358,901,383	91,098,617
b. Capital except project	115,000,000	52,849,494	62,150,506
c. Project – Local funded	145,000,000	122,870,119	22,129,881
d. Project – Foreign funded	-	-	-
Total	710,000,000	534,620,996	175,379,004

7.6 Financial Progress (Generated Income)

Rs.

Source of Revenue	Provisions in 2015	Collection in 2015	Deficit/Surplus
a. Undergraduate Studies (Hostel Fees, Registration Fees and ect.)	7,550,000	6,945,607	(604,393)
b. Postgraduate Studies	-	-	-
c. Consultancy (Training, Examination & Others)	6,450,000	1,134,312	(5,315,688)
d. Other	-	-	-
Total	14,000,000	8,079,919	(5,920,081)

7.7 Financial Performance - 2015

Rs.

Subject	Formula	Exp. per Student
a. Recurrent Expenditure per Student (RE)	RE / No of Student Strength	272,748
b. Capital Expenditure per Student (CE)	CE / No of Student Strength	89,810
Total		362,559

7.8 Infrastructure Facilities - 2015

Infrastructure Details	Expenditure (Rs.)	Physical Progress
a. Senate Building	44,549,734.58	90%
b. Stores Building	3,715,337.45	100%
c. Sports Center	33,535,930.67	50%
d. Storage Water Drainage System	14,858,111.00	100%
e. Pavilion	6,579,032.30	60%
Total	103,238,146.00	

7.9 Statement of Financial Position for the Year Ended December 31, 2015

STATEMENT OF FINANCIAL POSITION

As at 31.12.2015

	Note	2015 Rs.	2014 Rs.
ASSETS			
<u>Current Assets</u>			
Cash and cash equivalents	01	36,258,132	8,526,006
Investments	02	18,152,475	12,554,808
Receivables	03	14,645,875	10,464,501
Inventories	04	7,368,400	3,162,310
Advances	05	268,131	113,744
		76,693,012	34,821,369
<u>Non Current Assets</u>			
Receivables	06	5,892,384	6,417,887
Property, Plant and Equipment	07	1,421,626,674	1,508,243,648
Work in Progress	08	290,865,005	167,994,886
Land Acquisition	09	58,416,399	58,366,399
Quality Improvement Projects	10	4,610,855	2,476,396
		1,781,411,317	1,743,499,217
Total Assets		1,858,104,329	1,778,320,586
LIABILITIES			
<u>Current Liabilities</u>			
Accrued Expenses	11	22,244,523	16,613,210
Sundry Creditors and Other	12	85,484,192	87,920,015
		107,728,715	104,533,225
<u>Non Current Liabilities</u>			
Deferred Income	13	196,300,647	159,021,600
Provisions for Gratuity	14	9,396,706	7,722,914
		205,697,353	166,744,514
Total Liabilities		313,426,067	271,277,739
NET ASSETS		1,544,678,262	1,507,042,847
NET ASSETS/EQUITY			
Accumulated Fund	15	2,063,580,969	1,940,711,050
General Reserve	16	(548,520,929)	(452,282,559)
Special Reserve	17	1,990,995	1,897,846
Special Funds	18	27,627,227	16,716,509
Total Net Assets/Equity		1,544,678,262	1,507,042,847

Dr. G. Chandrasena
Vice Chancellor

Dr. G. Chandrasena

Vice Chancellor

Uva Wellassa University of Sri Lanka
Badulla

A.G. Karunarathna
Registrar

Registrar
Uva Wellassa University
Badulla
Sri Lanka

A. P. U. K. Abeysooriya
Bursar

A.P.U.K. Abeysooriya
Bursar
Uva Wellassa University

7.10 Statement of Financial Performance for the Year Ended December 31, 2015

	Note	2015 Rs.	2014 Rs.
Revenue			
Recurrent Grants	19	343,371,000	326,702,000
Bursary and Mahapola Grants	20	30,256,550	15,368,900
Self Financed Programmes' Income	21	1,134,312	343,400
Other Income	22	12,503,307	11,809,374
Capital Grants Amortized	23	49,166,033	43,767,073
Total Revenue		436,431,202	397,990,747
Expenses			
Personnel emoluments	24	213,723,414	159,510,038
Travelling Expenses	25	1,004,694	1,484,599
Supplies	26	10,315,367	9,223,701
Maintenance	27	3,659,271	2,962,331
Contractual Expenditure	28	108,599,062	119,325,799
Other Recurrent Expenses	29	27,172,161	18,602,962
Self Financed Programmes' Expenses	30	600,410	-
Bursary and Mahapola Payments	31	30,256,550	15,368,900
Depreciation	32	138,765,610	131,324,532
Total Expenses		534,096,538	457,802,863
Surplus / (Deficit) for the period		(97,665,336)	(59,812,116)

7.11 Cash Flow Statement for the Year Ended December 31, 2015

	2015 Rs.	2014 Rs.
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Deficit / Surplus from ordinary activities	(97,665,336)	(59,812,116)
Non - Cash Movements		
Capital Grants Amortized	(49,166,033)	(43,767,073)
Depreciation	138,765,610	131,324,532
Provisions and Others	1,673,792	2,923,544
Operating Profit Before Changes in W/C *	(6,391,968)	30,668,887
<u>Changes in working Capital</u>		
(Increase)/Decrease in Investments	(5,597,667)	(9,921,070)
(Increase)/Decrease in Receivables (CA) **	(4,181,373)	1,436,459
(Increase)/Decrease in Receivables (NCA) ***	525,504	(815,407)
(Increase)/Decrease in Inventories	(4,206,090)	2,269,143
(Increase)/Decrease in Advance	(154,387)	84,518
Increase/(Decrease) in Accrued Expenses	5,631,313	(22,352,323)
Increase/(Decrease) in Sundry Creditors	(2,435,824)	(23,301,835)
Net cash flows from operating activities	(16,810,492)	(21,931,628)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of Fixed Assets (Note 38)	(175,683,099)	(158,236,832)
Net cash flows from investing activities	(175,683,099)	(158,236,832)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Accumulated Fund	122,869,919	109,668,633
Deferred Income	86,445,081	69,331,367
Other Funds	10,910,718	8,359,260
Net cash flows from financing activities	220,225,718	187,359,260
Net increase/(decrease) in cash and cash equivalents	27,732,126	7,190,799
Cash and cash equivalents at beginning of period	8,526,006	1,335,207
Cash and cash equivalents at end of period	36,258,132	8,526,006

*w/c : Working Capital

**CA : Current Assets

***NCA : Non - Current Assets

Note - Bank Balances as at 31/12/2015

Bank	Account No	
BOC	- 3114828	30,695,456
BOC	- 3114820	2,421,375
BOC	- 78166821	202,235
BOC	- 78057047	761,980
People's Bank	- 10100168384805	2,177,086
Total		36,258,132

7.12 Report of the Auditor General



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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எனது இல.
My No.

உமது இல.
Your No. } UVP/BD/D/UWU/1/15/09

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திகதி
Date

25 January 2017

Vice Chancellor

Uva Wellassa University of Sri Lanka



Report of the Auditor General on the Financial Statements of the Uva Wellassa University of Sri Lanka for the year ended 31 December 2015 in terms of Sub-section 108(1) of the Universities Act, No. 16 of 1978

The audit of financial statements of the Uva Wellassa University of Sri Lanka for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of financial performance, statement of changes in net assets and cash flow statement and a summary of significant accounting policies and other explanatory information 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 Sub-section 107(5) of the Universities Act, No. 16 of 1978. My comments and observations which I consider should be published with the Annual Report of the University in terms of Sub-section 108(1) of the Universities Act appear in this report. A detailed report in terms of Sub-section 108(2) of the Universities Act was issued to the Vice Chancellor of the University on 18 July 2016.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

7.12 Report of the Auditor General



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Auditor General's Department

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of financial statements. Section 111 of the Universities Act, No.16 of 1978 gives discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.



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2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Uva Wellassa University of Sri Lanka as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements.

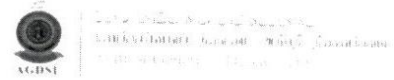
2.2.1 Sri Lanka Public Sector Accounting Standards

The useful life of non-current assets had not been reviewed annually in terms of Public Sector Accounting Standard 07. Even though fixed assets costing Rs.114,130,385 had been fully depreciated, they had still been in use. As such, action had not been taken to revise the estimated error in terms of Sri Lanka Public Sector Accounting Standard 03.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) The expenditure incurred for the purchase of chemicals and glassware had been written off as an expenditure of the relevant year. As such, the remaining stock valued at Rs.12,231,211 as at 31 December of the year under review had not been brought to account.
- (b) Legal expenses of Rs.539,200 paid for purposes of acquisition of lands in the year under review had been brought to account under recurrent expenditure.



2.2.3 Unexplained Differences

The following observations are made.

- (a) A difference of Rs.677,355 was observed between the balance stock physically verified as at 31 December of the year under review and the balance stock included in the financial statements.
- (b) A difference of Rs.719,287 was observed between the confirmation of balances obtained in respect of balances recoverable from officers who had breached agreements and the balances shown in the financial statements.
- (c) Even though the University had confirmed that the value of financial grants received from various persons for research purposes amounted to Rs.1,436,341, it had been indicated in the financial statements as Rs.1,131,952.

2.2.4 Lack of Evidence for Audit

The evidence indicated against the following 03 items of accounts totalling Rs.3,531,671 shown in the financial statements was not made available to audit.

Item of Account	Value	Evidence not made available
	Rs.	
Refundable Deposits	2,009,692	Lists of Individual Balances Deposit Registers and Lists of Balances
Security Deposits	879,553	
General Deposits - Recurrent	642,426	
Total	3,531,671	



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2.3 Accounts Receivable and Payable

The following observations are made.

- (a) Research allowances of Rs.93,546 paid for the period from January to July 2011 on reimbursable basis to a Professor who was transferred to the University as the Vice Chancellor on 28 July 2011 had not been recovered from the University of Peradeniya even by the end of the year under review.
- (b) Action had not been taken to rectify the erroneous bank debits of Rs.38,000 relating to the years 2013 and 2014 included in the Bank Reconciliation Statement as at 31 December 2015.
- (c) A sum of Rs.8,440,058 was recoverable to the University as at the end of the year under review from two Lecturers in respect of breaching bonds and contract agreements.
- (d) Adequate steps had not been taken up to 31 December 2015 to settle a sum of Rs. 60,768,008 payable to the Central Engineering Consultancy Bureau which had carried out the construction works of the University during the period from the year 2006 to the year 2015.

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

The following non-compliances were observed during the course of audit.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
(a) Section 14(1) of the Finance Act, No. 38 of 1971	A copy of the Draft Annual Report for the year under review had not been presented to the Auditor General.



- (b) Section 37(1) of the Universities Act, No. 16 of 1978. Even though the Registrar of a University should be appointed by the Council upon the recommendation of a Selection Committee, the composition of which is specified by Ordinances, the Vice Chancellor had appointed a retired Registrar on assignment basis from 12 November 2014 without the approval of the Cabinet of Ministers and paid a sum of Rs.1,645,000 as salaries and allowances as at 31 December 2015.
- (c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka
- (i) Financial Regulation 139 Even though payments should be made only for the vouchers certified by the Certifying Officer, contrary to that, a sum of Rs.2,814,378 had been paid to the Central Engineering Consultancy Bureau in the year under review.
- (ii) Financial Regulation 156 A surcharge of Rs.70,347 had to be paid due to non-payment of contributions duly during the period from January to May in the year under review in terms of the provisions of the Employees' Trust Fund Act and action had not been taken to recover that amount from the officers responsible therefor.
- (iii) Financial Regulation 371(2) A period of 01 to 10 months had been taken to settle the sub-imprest of Rs.234,912 obtained by 04 officers without taking action to settle it immediately after completion of the purpose.



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| <p>(d) Treasury Circular Nos. 842 of 19 December 1978 and IAI/2002/02 of 28 November 2002</p> | <p>A Register of Fixed Assets relating to property, plant and equipment costing Rs. 2,139, 950,371 had not been prepared properly according to classes of assets and a Register of Assets had not been maintained in respect of computer software and hardware costing Rs.32,850,376.</p> |
| <p>(e) Sections 7.1 and 7.2 of the Public Enterprises Circular No. PED/12 of 03 June 2003.</p> | <p>Operation Manuals covering the main fields of operations of the University had not been prepared.</p> |
| <p>(f) Establishments Circular No. 12/2013 of 29 August 2013 of the Chairman of the University Grants Commission.</p> | <p>Action had not been taken to recover the rents of the quarters from the officers residing in the bachelors' joint quarters and senior officers' quarters in terms of the provisions in the Circular.</p> |

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the University for the year ended 31 December 2015, had been a deficit of Rs.97,665,336 as compared with the corresponding deficit of Rs.59,812,116 for the preceding year, thus indicating a deterioration of Rs.37,853,220 in the financial result of the year under review as compared with the preceding year. Even though provisions received from the Government for recurrent expenditure had increased by Rs.16,669,000 as compared with the preceding year, the increase in employees' remuneration by Rs.54,213,376 had been the main reason for the above deterioration.

An analysis of the financial results of the year under review and the 04 preceding years revealed a financial deficit from the year 2011 up to the year 2015. Taking into consideration the employees' remuneration, tax paid to the Government and



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depreciation for non-current assets, the contributions had increased in the year 2012 as compared with the year 2011 and contributions had decreased in the year 2013 as compared with the year 2012. However, the contributions which were Rs.113,423,662 in the year 2013 had increased up to Rs.254,823,688 in the year under review.

3.2 Analytical Financial Review

The following observations are made.

- (a) There had been an increase in the income except for Government grants and deferred income by 12 per cent, expenditure and deficits except for depreciations by 17 per cent and Government grants by 5 per cent respectively in the year 2015 as compared with the year 2014.
- (b) The current assets had increased by 120 per cent in the year under review as compared with the preceding year and the working capital had decreased by 55 per cent.
- (c) The ratio of current liabilities to current assets was 3:1 in the preceding year and due to the increase in current assets of the year under review, the ratio of current liabilities to current assets was 1.4:1. Even though an improvement of 1.6 was shown in the current ratio, it had not reached the ratio of optimum level of 1:2 of current liabilities to current assets.
- (d) The cash flows of operations in the year 2015 had decreased by 23 per cent as compared with the year 2014 and the cash flows of investments and financial activities had improved by 11 per cent and 18 per cent respectively. An improvement of 325 per cent had been indicated under cash and cash equivalents at the end of the year.



Accredited Graduate Degree Network
 2006/07 (2011/12), 2012/13, 2013/14, 2014/15
 Accredited by the Quality Assurance Agency for Higher Education (QAA)

4. Operating Review

4.1 Performance

Fourteen strategic targets expected to be achieved had been mentioned in the Action Plan prepared by the University for the year 2015. According to the Action Plan for the year under review, the strategic targets could not be achieved up to the expected level by the end of the year 2015 and the following observations are made in this connection.

- (a) Even though the percentage of employment of Graduates had been expected to reach the level of 80 per cent through achieving the objectives of revising all Degree Programmes to improve qualifications and social values to suit the global market and in accordance with the changing industrial requirements, the percentage of employment of Graduates who had passed out of the University in the year 2015 had decreased to 73 per cent.
- (b) Even though the expected registration of foreign students of the University through achieving the objective of participation of foreign students in higher studies of Science, Technology, Agriculture and Management had been 1 per cent of the total number of registered students, the number of foreign students as a percentage of the total number of students had been 0.54 per cent in the year 2015.
- (c) Even though the University had expected to be among the first 13000 in the Web of Universities Ranking through achieving objectives of developing discipline of Degree programmes, improving researches and the level of teaching and creating excellent infrastructure facilities for teaching, learning and research by the end of the year under review, as compared with the preceding year that position had dropped by 1126 positions, from 14236 to 15362 and in the Local Universities Ranking, the position had dropped to 17th, 19th and 20th places in the years 2013, 2014 and 2015 respectively as at 31 May 2016.



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Sri Lanka University Council

- (d) Even though the expected rate of usage of the library by the students and staff according to the objective of expansion and improvement of library facilities of the University for knowledge and information needs had been 60 per cent, it had taken a rate of 46.5 per cent at the end of the year 2015.
- (e) Recurrent expenditure amounting to Rs.534,096,538 and Rs.457,802,863 had been incurred for 1,956 and 1,900 students in the year under review and the preceding year respectively. As such, the cost per student amounted to Rs.273,055 and Rs.240,949. Accordingly, the cost per student had increased by Rs.32,106 in the year under review as compared with the preceding year.
- (f) Out of 550 students enrolled to the University for the year under review, 09 students or 1.6 per cent had dropped out of the courses.
- (g) Even though 850 students should be enrolled for 11 Degree programmes for the year under review according to the Corporate Plan for 2013- 2017, only 550 students had been enrolled. As such, out of the expected number of students, 300 students had not been registered.

4.2 Management Activities

The following observations are made.

- (a) According to the decision taken relating to the vesting of the land owned by the Ministry of Industry in the Ministry of Education for the establishment of the University under the Cabinet Paper No.5/0183/035/001 at the meeting of the Cabinet of Ministers held on 10 February 2008, the ownership of lands of 30.9667 hectares in extent allocated to the University had not been legally vested in the University.
- (b) Even though it is the duty of the Chief Accounting Officer and the Accounting Officer to deal promptly with audit queries in terms of Financial Regulation 155 and to give complete answers, answers had not been given even by 31 May 2016 to 05 queries issued by the Government Audit in the year 2015.



Uva Wellassa University
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 Economic Development Board

4.3 Underutilization of Funds

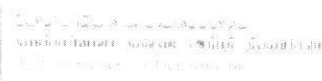
The following observations are made.

- (a) Out of the budgeted capital provisions amounting to Rs.6,650,000 made in the year 2015 for encouraging researches, a sum of Rs.1,480,495 had been utilized and provisions of Rs.5,169,505 had been saved representing 78 per cent of the total provisions.
- (b) Even though budgeted capital provisions of Rs.25,000,000 had been allocated in the year 2015 for the establishment of a Degree Programme in Technology to suit the new Technology Stream in Advanced Level, a sum of Rs.745,162 had been utilized. As such, a sum of Rs.24,254,838, representing 97 per cent of the provisions made, had not been utilized.
- (c) The sum of Rs.3,323,020 given to the University in December 2014 through the District Secretariat of Badulla by the Ministry of Economic Development under the Divineguma Livelihood Development Programme in the year 2014 had remained idle even by 31 December 2015 and as such, the progress of implementation of the project had been unsatisfactory.
- (d) A sum of approximately Rs.2,000,000 earned from external courses in the years 2014 and 2015 had been deposited in a current account without utilizing for the activities of commencement of the courses.

4.4 Idle and Underutilized Assets

The following observations are made.

- (a) Five safes purchased on 30 June 2010 for a sum of Rs.322,560 had remained idle even as at 31 December 2015 without being made use of.
- (b) According to the reports submitted in respect of using the multi- purpose 3-Axis CNC machine valued at Rs.14,060,480 purchased in the year 2012 for the engineering workshop, this machine had been used only for displaying purposes



carried out using wood and afterwards had remained underutilized as at 31 December 2015.

- (c) The accounting software valued at Rs.222,768 purchased in the year 2013 for facilitating the administrative activities of the Finance Division of the University had been disposed, without being made use of.

4.5 Contract Process

Even though a written agreement should be entered into between the client institution and the contractor after awarding the constructions in terms of the Code of Instructions No. 08 of 25 January 2006 of the National Procurement Agency and paragraph 33.6 of ICTAD SBD/01, agreements had not been entered into in awarding the constructions of the University to the Central Engineering Consultancy Bureau.

4.6 Staff Administration

Ten approved posts of Professor in the faculties of the University and out of the 180 approved posts of Lecturer for the faculties of Animal Science, Export Agriculture and Science and Technology, 40 posts had been vacant and an excess of 07 posts of Lecturers had existed in the Faculty of Management. Moreover, in terms of Circular No.876 of the University Grants Commission of 06 June 2006, necessary action had not been taken to recruit officers for 70 vacancies of the non-academic staff of the University.

5. Accountability and Good Governance

5.1 Corporate Plan

A review of operations for the preceding 03 years had not been included in the aforesaid Corporate Plan in terms of Section 5.1.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003. Further, the financial values of the targets to be



achieved had not been indicated and as such, the Corporate Plan had not been presented in a manner to enable the evaluation of the annual progress.

5.2 Action Plan

The updated organizational structure of the University, details on the approved and actual cadre and the Internal Audit Plan had not been included in the Action Plan prepared for the year under review in terms of paragraph 04 of the Public Finance Circular No.01/2014 of 17 February 2014.

5.3 Internal Audit

The copies of internal audit reports in terms of Financial Regulation 134(3) had not been presented to the Auditor General in ascertaining whether an adequate internal audit had been carried out so as to cover different areas in terms of Financial Regulation 133(2) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

5.4 Procurement Plan

The Master Procurement Plan had not been updated in terms of Guidelines 4.2.1 (e) and 4.2.2 of the Procurement Guidelines of 2006.

5.5 Budgetary Control

Variances ranging from 4 per cent to 66 per cent of the provisions made for 05 items of recurrent expenditure and significant variances ranging from 15 per cent to 97 per cent of the provisions made for 09 items of capital expenditure were observed in the comparison of the estimated expenditure with the actual expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.



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5.6 Unresolved Audit Paragraphs

The University had failed to rehabilitate the Waste Water Recycling Project up to the end of the year under review in accordance with the instructions given by the Committee on Public Enterprises at the meeting held on 21 September 2012.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Vice Chancellor of the University from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls	Observations
(a) Accounting	Failure in following Accounting Standards, existence of accounting deficiencies and unreconciled accounts.
(b) Assets Management	Failure in revaluation of fixed assets and non-maintenance of Registers of Fixed Assets properly.
(c) Stores Control	Weak management of stocks and failure in indicating stocks in the financial statements.
(d) Staff Administration	Existence of vacancies in posts and excess employees.
(e) Performance	Failure in achieving the expected targets.
(f) Budgetary Control	Existence of significant variances between the budgeted and actual expenditure.

H.M. Gamini Wijesinghe
 Auditor General

7.13 Answers to the Report of the Auditor General

2.2.1 Sri Lanka Public Sector Accounting Standards			
Matters Pointed Out by the Last Audit Report		Reply Given by the University to the Draft Report	Present Status
The useful life of non-current assets had not been reviewed annually in terms of Public Sector Accounting Standard 07. Even though fixed assets costing Rs. 114, 130,385 had been fully depreciated, they had still been in use. As such, action had not been taken to revise the estimated error in terms of Sri Lanka Public Sector Accounting Standards 03.		I agree. I will take action to re-assess the fixed assets referred to in this observation and to bring them back to accounts.	Codification of all Non-Current (Fixed) Assets of the University is being carried out. Once it is over, we will immediately work to re-value the assets which are stated in books at zero value and take them back to the accounts.
2.2.2 Accounting Deficiencies			
(a)	The expenditure incurred for the purchase of chemicals and glassware had been written off as an expenditure of the relevant year. As Such, the remaining stock valued at Rs. 12,231,211.00 as at 31 December of the year under review had not been brought to account.	The Rs. 3,312,569.00 mentioned in the observation concerns the expenditure incurred for the purchase of glassware and chemicals in the year 2015. It is correct to charge the value of the used glassware as an expense. However, I admit that it is not correct to charge as an expense the unused chemicals and glassware. What has happened in this instance was that according to the practice of issuing stocks that have been in use for several years, they are identified as an expense when issued from the stores to the laboratories. I will take action to revalue the issued chemicals and the glassware remaining unused and present in accounts under stocks of assets.	The accounting practice of writing off all the chemicals and glassware purchased during the year as an expense has been changed and action has been taken to reveal the balance stocks as current assets with effect from the accounting year 2016.
(b)	Legal expenses of Rs. 539,200.00 paid for purposes of acquisition of	A payment of Rs. 76,250.00 made for obtaining legal services pertaining to an appeal	The legal expenses borne for the acquisition of lands amounting to Rs. 539,200.00 during the

	lands in the year under review had been brought to account under recurrent expenditure.	heard by the University Services Appeals Board is included in the legal expense of Rs. 615,450.00 mentioned here. The balance Rs. 539,200.00 includes the payment made to the Attorney General's Department in respect of clearing the title of the land belonging to the University. I will take action to rectify it through the following journal entry. Land Acquisition Account - Debit General Reserve - Credit	Accounting Year 2015 being accounted as a Recurrent Expense has been rectified by a journal entry.
2.2.3 Unexplained Differences			
(a)	A difference of Rs. 677,355.00 was observed between the balance stock physically verified as at 31 December of the year under review and the balance stock included in the financial statements.	I will take steps to reconcile the deviation of Rs. 677,355.00 in the physical verification report and the value of the stock in the Statement of Financial Position. I intend to ascertain the accuracy of the physical stock verification for this purpose.	An ascertainment was carried out again by the Internal Auditor of the University for this purpose and it further remains as an unreconciled balance. A software has been purchased in the year 2016 for monitoring stocks, which we will use to minimize/ prevent weaknesses.
(b)	A difference of Rs. 719,287.00 was observed between the confirmation of balances obtained in respect of balances recoverable from officers who had breached agreements and the balances shown in the financial statements.	This difference of Rs. 719,287.00 is the difference between the overall balances recoverable from officers who have breached the contract and the balances recoverable only upon the breach of contract. The Financial Statements give only the balances recoverable upon the breach of contract. However, I admit that this difference, i.e. other balances due from them, should also be accounted. Therefore, I agree with this observation and will take action to account the difference concerned.	Action has been taken to take into books the "Other Balances" due which have been missed causing the difference of Rs. 719,287.00 mentioned in the of the Audit Report.
(c)	Even though the	This is an accounting error	This error has been corrected in

	<p>University had confirmed that the value of financial grants received from various persons for research purposes amounted to Rs. 1, 436,341.00 it had been indicated in the financial statements as Rs. 1, 131,952.00</p>	<p>existing in accounts since the year 2013. In fact, receipts from various sources as at 31.12.2013 have been shown in Financial Statements under “Deposits and Payables” and this balance has not been taken to the “Research Receipts” Account as an opening balance when entering opening balances to the ledger in the year 2014. However, all the transactions that occurred in the year have been recorded accurately. However, the final balance in the “Research Receipts” Account as at 31.12.2014 is erroneous for this very reason. This balance has been entered in this account as the opening balance in the year 2015 and the transactions of the year 2015 have been recorded accurately. I will take action to reveal this difference and correct it.</p>	<p>the Accounts Reports for the year 2016.</p>
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2.2.4 Lack of Evidence for Audit

<p>The evidence indicated against the following 03 items of accounts totalling Rs. 3,531,671.00 shown in the financial statements was not made available to audit.</p>		
<p>Items of Account</p>	<p>Value (Rs.)</p>	<p>Evidence not made available</p>
<p>Refundable Deposits -</p>	<p>2,009,692</p>	<p>} Lists of Individual Balances.</p>
<p>Security Deposits -</p>	<p>879,553</p>	
<p>General Deposits - Recurrent</p>	<p>642,426</p>	<p>Deposit Registers and Lists of Balances.</p>
<p>Total</p>	<p>3,531,671</p>	

<p>I agree. These balances are the overall balance in the Ledger Account and I will take action to submit the List of Individual Balances.</p> <p>A time analysis has not been prepared and I will take action to prepare it accurately and submit same.</p> <p>It is not clear what is meant by “Deposit Registers” in the audit observation.</p>	<p>As agreed in the replies to this observation mentioned in the Audit Report for the year 2015, individual lists of balances for deposits and time/age analyses have been prepared.</p>
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2.3 Accounts Receivable and Payable

(a)	Research allowances of Rs. 93,546.00 paid for the period from January to July 2011 on reimbursable basis to a Professor who was transferred to the University as the Vice Chancellor on 28 July 2011 had not been recovered from the University of Peradeniya even by the end of the year under review.	I agree. Four letters of reminder have been sent from time to time to the University of Peradeniya for recovering this Research Allowance of Rs. 93,546.00 from the University concerned. However, no response has been received from the said University to any of the reminders. The books do not show any balance due to the University of Peradeniya to set this off against.	As stated in the replies furnished, four reminder letters have been already sent. In addition, the University of Peradeniya has been informed by email and telephone calls and this continues to remain a balance receivable.
(b)	Action had not been taken to rectify the erroneous bank debits of Rs. 38,000.00 relating to the years 2013 and 2014 included in the Bank Reconciliation Statement as at 31 December 2015.	I agree with this observation. Rs. 38,000.00 out of the total of Rs. 63,256.00 is an error done by the Bank and although the Bank had been informed by letter, it has not been rectified up to now. I will take action to have it corrected by discussing with the bank concerned. The balance of the difference, i.e. the errors pertaining to Rs. 25,256.00 have all been rectified during the year 2016.	Action has been taken to rectify the errors totalling Rs. 38,000.00 by informing the Bank.
(c)	A sum of Rs. 8,440,058.00 was recoverable to the University as at the end of the year under review from two Lecturers in respect of breaching bonds and contract agreements.	Action has been taken to recover the sum concerned from the University teachers who are in breach of contract.	<p>Action has been taken as follows with regard to the money due from two University Teachers for breaching “bonds and agreements” amounting to Rs. 8,440,058.00.</p> <ol style="list-style-type: none"> 1. M.A.R.N. Perera – Rs. 779,331.71 has been recovered from the balance of Rs. 1,674,835.50 and the remainder of Rs. 895,503.79 has to be recovered. Consent has been received for recovering this amount from his balance in the University Contributory Fund (UPF). 2. A.K.N.D. Fernando –

			Although notification has been made with the approval of the Board of the University to recover the balance of Rs.6,765,222.99 no response has been received for it.
(d)	Adequate steps had not been taken up to 31 December 2015 to settle a sum of Rs. 60,768,008.00 payable to the Central Engineering Consultancy Bureau which had carried out the constructions works of the University during the period from the year 2006 to the year 2015.	Out of the amounts withheld, those regarding which the CECB (contractor) had completed the necessary criteria have been released by now and the remaining amount as a whole has been caused by the inability to pay the final bills pertaining to construction contracts due to absence of approval by the Standing Technical Evaluation Committee and by the practical delays which occurred in completing and handing over sub projects. I will work towards paying the remaining amounts as soon as the requirements are completed.	Rs. 38,251,587.84 has been paid out of the total sum of Rs. 60,768,008.00 payable to the Central Engineering Consultancy Bureau (CECB) as at 31.12.2015. The paying of the rest amounting to Rs. 22,516,420.16 has been delayed due to lack of approval from the Standing Technical Evaluation Committee (STC).

2.4 Non-Compliance with Laws, Rules, Regulations and Management Decisions

Matters Pointed Out by the Last Audit Report		Reply Given by the University to the Draft Report	Present Status	Matters Pointed Out by the Last Audit Report
	Reference to Laws, Rules, Regulations, etc.	Non-Compliance		
(a)	Section 14(1) of the finance Act, No. 38 of 1971	A copy of the Draft Annual Report for the year under review had not been presented to the Auditor General.	Draft Annual Reports have been prepared and I will take steps to submit it to the Auditor General.	The draft Annual Report referred to has been submitted to the Auditor General.
(b)	Section 37(1) of the Universities Act, No. 16 of 1978.	Even though the Registrar of the University should be appointed by the Council upon the	The post of Registrar of the Uva Wellassa University had been vacant since 12.03.2014. and the	Applications had been called for the vacant post of Registrar by the newspaper advertisement

		<p>recommendation of the Selection Committee, the composition of which is specified by Ordinances, the Vice Chancellor had appointed a retired Registrar on assignment basis from 12 November 2014 without the approval of the Cabinet of Ministers and paid a sum of Rs. 1, 645,000.00 as salaries and allowances as at 31 December 2015.</p>	<p>covering of duties of the post was assigned to two Senior Assistant Registrars. However, it did not prove successful. Therefore, Mr. A.G. Karunaratna was appointed to the post of Registrar on assignment basis for a period of three months on the decision by the Council at its meeting held on 19.11.2014. The allowance paid to him was calculated considering the salary steps and additional allowances he had received as per the pay particulars sent by the Registrar of the Rajarata University, where he had served last. In addition, a financial advantage has been accrued to the University as he neither uses a vehicle assigned by the University nor receives a fuel allowance.</p>	<p>published on 11.05.2014 and a candidate who had the basic requirements was called for an interview. The recommendation of the Board of Selection comprised of representatives of the University Grants Commission and the Council was that fresh applications have to be called as the candidate concerned did not possess the competence for the post of Registrar. Accordingly, applications were called once again by a newspaper advertisement on 06.09.2015 and two applications were received from two applicants who had completed qualifications. However they identity not appear for the interview. Again with the approval from the Council, applications were called by an advertisement dated 04.12.2016 but no application was received. This state of affairs was reported to the Council, who took it into their consideration and decided that an officer who had been in University service for</p>
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				over 15 years be appointed on assignment basis for requirements of the service until a permanent Registrar is appointed in terms of Circular directives issued by the Treasury.
(c)	Financial Regulation of the Democratic Socialist Republic of Sri Lanka			
	(i) Financial Regulation 139	Even though payments should be made only for the vouchers certified by the Certifying Officer, contrary to that, a sum of Rs. 2, 814,378.00 had been paid to the Central Engineering Consultancy Bureau in the year under review.	I agree. This was a payment made at the end of the year and has been missed due to a mistake when certifying many payments all at once. I will direct officers to ensure that such errors do not recur.	Instructions have been issued to relevant officers to make sure that such errors do not occur.
	(ii) Financial Regulation 156	A surcharge of Rs.70,347.00 had to be paid due to non-payment of contributions duly during the period from January to May in the year under review in terms of the provisions of the Employees' Trust Fund Act and action had not been taken to recover that amount from the officers responsible therefor.	Surcharges amounting to Rs. 2,024.00 and Rs. 9,675.00 had to be paid as standard Remittance Forms pertaining to the Employees' Trust Fund had not been received in time. Even though the Employees' Trust Fund was informed of it on several occasions, the said Form was not received. The delayed Remittance Forms were sent by taking a photocopy of a Form of a previous month. Surcharges amounting to Rs. 7,203.00, Rs. 42,146.00 and Rs.	The Employees' Trust Fund has been informed to reimburse the surcharges amounting to Rs. 2,024.00 and Rs. 9,675.00 as these sums had to be paid due to the delay on the part of the Fund. The above payments were made in order to avoid any surcharges that may be charged on the said surcharges. No surcharges had to be paid in years 2016 and 2017 as the said Forms had been received in the very beginning of the years. Measures have been adopted at present to

			<p>9,299.00 had to be paid due to the carelessness of the trainees who had been preparing these payments at that time and due to ignoring the remittances without sending the cheques to the Fund on the due date. During that period, this section did not have any permanent employees and all tasks had been achieved through trainees.</p> <p>The approval of the Financial Committee and the Council of the University has been received to pay these surcharges.</p>	<p>prevent things such as the surcharge of Rs. 58,648.00 that had to be paid due to carelessness of trainees.</p>
	(iii) Financial Regulation 371 (2)	<p>A period of 01 to 10 months had been taken to settle the sub-imprest of Rs. 234,912.00 obtained by 04 officers without taking action to settle it immediately after completion of the purpose.</p>	<p>Some of these advances were those given to suppliers and payment has been delayed due to delay in final payment owing to the defects existing in the supplies.</p> <p>Payment of other advances has failed due to certain practical causes. However, officers have been informed to settle the advances made available to them within the specified timeframe as much as possible.</p>	<p>All the advances which remained unsettled have been settled by February 2016. We will take measures to minimize such non-settled advance balances by sending reminders.</p>
(d)	Treasury Circular Nos. 842 of 19	A Register of Fixed Assets relating to	The Administration Division maintains a	A software has been purchased in the year

	December 1978 and IAI/2002/02 of 28 November 2002	property, plant and equipment costing Rs. 2,139,950,371.00 had not been prepared properly according to classes of assets and a Register of Assets had not been maintained in respect of computer software and hardware costing Rs. 32,850,376.00	Fixed Assets Register and already arrangements have been made to update the said Register. Computers and accessories have been recorded in the Fixed Assets Inventory Register and I will make arrangements to inform the respective officers to maintain a Fixed Assets Register for computers and accessories.	2016 for the “Management of Fixed Assets” in the year 2016 and it contains the module called “Fixed Assets Register”. It also includes the computer software and hardware register.
(e)	Section 7.1 and 7.2 of the public Enterprises Circular No. PED/12 of 03 June 2003.	Operation Manuals Covering the main fields of operations of the University had not been prepared.	I will make the necessary arrangements to prepare manuals covering the main operational aspects in future.	Lists of duties have been assigned to officers in accordance with the provisions of the University Establishments Code and these lists clearly describe the duties of each officer should carry out. In addition, each officer is bound to perform any duties assigned by the head of the institution and the head of section according to service needs.
(f)	Establishments Circular No. 12/2013 of 29 August 2013 of the Chairman of the University Grants Commissions.	Action had not been taken to recover the rents of the quarters from the officers residing in the bachelors’ joint quarters and senior officers’ quarters in terms of the provisions in the Circular.	The Uva Wellassa University is located far away from the capital city and has had to face a big problem in recruiting and retaining seniors of the academic and administrative staff. However, although the housing problem is a special one in recruiting and retaining staffs, the	A report was prepared through a House Committee appointed to represent all the Faculties and Administrative Divisions of the University and was submitted to the Council at its 117 th Meeting held on 1 December 2016. Action will be taken to collect rent after

			University Council has made arrangements to charge a rent from the next year.	obtaining a detailed report.
3. Financial Review				
3.1 Financial Results				
According to the financial statements presented, the financial result of the University for the year ended 31 December 2015, had been a deficit of Rs. 97, 665,336.00 as compared with the corresponding deficit of Rs.59, 812,116.00 for the preceding year, thus indicating a deterioration of Rs. 37, 853,220.00 in the financial result of the year under review as compared with the preceding year. Even though provisions received from the Government for recurrent expenditure had increased by Rs.16, 669,000.00 as compared with the preceding year, the increase in employees' remuneration by Rs. 54, 213,376.00 had been the main reason for the above deterioration.	This observation is somewhat unclear. Here, once it has been mentioned that the deficit from the operational activities was Rs. 441,036,336.00 and another time it states that it is Rs. 97,665,336.00. According to Financial Statements we have submitted, deficit for the year was Rs. 97,665,336.00.		No measure need be taken in respect of this observation. The audit observation is an analysis/ review.	
An analysis of the financial result of the year under review and the 04 preceding years revealed a financial deficit from the year 2011 up to the year 2015. Taking into consideration the employees' remuneration, tax paid to the Government and depreciation for non-current assets, the contributions had increased in the year 2012 as compared with the year 2011 and contributions had decreased in the year 2013 as compared with the year 2012. However, the contributions which were Rs.113, 423,662.00 in the year 2013 had increased up to Rs. 254, 832,688.00 in the year under	According to this observation, the added value in each year, or contribution in other words, has been obtained by re-adjusting the employee emoluments and depreciations to the net surplus/ (deficit) in each year. As the deficit in the year 2013 had taken a high value, the added value for that year takes a comparatively low value. The main reason for the prevalence of a substantial growth of Rs. 142,844,513.00 in the added value of the year 2015 compared to the year 2011 was the combined effect of the comparative increase in		No measure need be taken in respect of this observation. The audit observation is an analysis/ review.	

review.	employee emoluments and comparative increase in depreciations and quantitative increase in the net deficit.	
3.2 Analytical Financial Review		
(a)	<p>There had been an increased in the income except for Government grants and deferred income by 12 per cent, expenditure and deficits except for depreciations by 17 per cent and Government Grants by 5 per cent respectively in the year 2015 as compared with the year 2014.</p>	<p>I. Incomes (other than Government Grants and Deferred Incomes) According to the audit observation, the above-mentioned expenditure head shows an increase of 12% according to common sizing of financials. The main reason for this was the annual increase of 400% in incomes received from “self-financing programmes” and 10% in other incomes.</p> <p>II. Expenses (other than Depreciation) Audit has noticed the annual increase for this Head as 17%. The main reason for this is the effect of the comparative increase of 34% which had occurred in the Head titled “Employee Emoluments” and a decrease of 9% which had occurred in “Contractual Expenditure”. Although increases have occurred in other expenditure heads that come under this, it is not substantial.</p> <p>III. Government Grants It has been observed that the increase in the year 2015 is 5% compared to the year 2014. The main reason for this is the increase in the provisions allocated from the Budget for the year 2015.</p> <p>No measure need be taken in respect of this observation. The audit observation is an analysis/ review.</p>

(b)	The current assets had increased by 120 per cent in the year under review as compared with the preceding year and the working capital had decreased by 55 per cent.	It has been observed during the audit that the increase in current assets was 120 % according to the financial state under the analytical financial review. It has been further observed during the audit that this has been caused by the increases in government grants for Recurrent Expenditure, current account balances, investments, stocks and accounts receivable.	No measure need be taken in respect of this observation. The audit observation is an analysis/ review.
(c)	The ratio of current liabilities to current assets was 3:1 in the preceding year and due to the increase in current assets of the year under review, the ratio of current liabilities to current assets was 1:4:1. Even though an improvement of 1:6 was shown in the current ratio, it had not reached the ratio of optimum level of 1:2 of current liabilities to current assets.	Although the short-term liquidity of the University has increased owing to the quantitative growth that has occurred in the current ratio as observed by the audit, it has not reached the benchmark ceiling/cutoff of 1.1. However, the standard value of the current ration cannot be specifically determined in an institute such as a University, which is maintained mainly by government grants.	No measure need be taken in respect of this observation. The audit observation is an analysis/ review.
(d)	The cash flows of operations in the year 2015 had decreased by 23 per cent as compared with the year 2014 and the cash flows of investments and financial activities had improved by 11 per cent and 18 per cent respectively. An improvement of 325 per cent had been indicated under cash and cash equivalents at the end of the year.	The main reason for cash and cash equivalents showing a substantial increase in the current year as against the previous year was the 450% growth shown in cash balances in bank accounts.	No measure need be taken in respect of this observation. The audit observation is an analysis/ review.

4. Operating Review

4.1 Performance

Fourteen strategic targets expected to be achieved had been mentioned in the Action Plan prepared by the University for the year 2015. According to the Action Plan for the year under review, the strategic targets could not be achieved up to the expected level by the end of the year 2015 and the following observations are made in this connection.

(a)	Even though the percentage of employment of Graduates	The Career Guidance Division of the Uva Wellassa University	The Career Guidance Division of the Uva
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	had been expected to reach the level of 80 per cent through achieving the objectives of revising all Degree Programmes to improve qualifications and social values to suit the global market and in accordance with the changing industrial requirements, the percentage of employment of Graduates who had passed out of the University in the year 2015 had decreased to 73 per cent.	measures the employability of the graduates who leave the University during the period of handing the graduation gowns (Degree Cloaks) before the graduation ceremony (Convocation), which means within the first six months after their departure. A more accurate employment rate can be obtained by changing this practice and measuring employment in completion of six months and then of one year from the Convocation, enabling a more realistic standard of measurement. Already discussions have been conducted in this regard and action is being taken for it.	Wellassa University has decided to conduct two surveys in addition to the one conducted in six months from the Convocation - one after one year and the other after two years. The survey activities have been commenced by now and responses are being received to the questionnaire posted to graduates for this purpose.
(b)	Even though the expected registration of foreign students of the University through achieving the objective of participation of foreign students in higher studies of Science, Technology, Agriculture and Management had been 1 per cent of the total number of registered students, the number of foreign students as a percentage of the total number of students had been 0.54 per cent in the year 2015.	The foreign students who receive education at present have come via the President Scholarship through the University Grants Commission. Action is being taken to make the website more attractive by now to make the University more popular.	Four foreign students are engaged in studies at the University at present and the enrolment of such students are carried out through the University Grants Commission.
(c)	Even though the University had expected to among the first 13000 in the Web of Universities Ranking through achieving objectives of developing discipline of Degree of Degree programmes, improving researches and the level of teaching and creating excellent infrastructure	Arrangements have already been made to elevate the Webometric Ranking of the University. The Vice Chancellor has put in place a special team for this purpose and appointed a Senior Lecturer as its team leader. This team is already taking special measures necessary to elevate the Webometric Ranking of the University.	The Uva Wellassa University has elevated itself to rank 10,911 in the Webometric Ranking of University as at 16.03.2017 and advanced to the 18 th place in local rankings.

	<p>facilities for teaching, learning and research by the end of the year under review, as compared with the preceding year that position had dropped by 1126 positions, from 14236 to 15362 and in the local Universities Ranking, the position had dropped to 17th, 19th and 20th places in the years 2013, 2014 and 2015 respectively as at 31 May 2016.</p>	<p>At the same time, enhancement of the quality and revision of degree courses to increase the quality of degree courses and to suit the needs of clients and the use of student-centred teaching and learning methods are used continuously. In addition to the educational activities that increase the quality, extra-curricular activities should also be included. Action will be taken to increase the facilities necessary for sports activities, facilities, increased hospital facilities and other recreation activities. Arrangements are being made so that provisions will be received for purchasing laboratory instruments and chemicals necessary for 32 laboratories of the University.</p>	
(d)	<p>Even though the expected rate of usage of the library by the students and staff according to the objective of expansion and improvement of library facilities of the University for knowledge and information need had been 60 per cent, it had taken a rate of 46.5 per cent at the end of the year 2015.</p>	<p>The Audit Report states that the extent of the library use at the Uva Wellassa University for the year 2015 was 46.5%. Data had been obtained for this final conclusion through the library reference report of the Uva Wellassa University. This report was prepared in respect of the use of information resources available at the physical library of the University by its undergraduates in order to facilitate decision making pertaining to the management of the library. Only a few library information aspects were focused in this report - for example use of books, research papers, past papers etc. in the physical library. The report does not include data pertaining to use of the library by the University's staff. Also, it does not contain data on the use of scientific</p>	<p>(I) Reader needs will be fulfilled through E-Resources Database, which has been made available by the University Grants Commission.</p> <p>(II) The Library E-Mail provides information pertaining to research activities of users under the Librarian Inquiry Service.</p> <p>(III) Sinhalese, Tamil and English dailies and weekend newspapers are acquired based on the user needs.</p> <p>(IV) Keeping the Reading Room open 24 hours.</p> <p>(V) Increasing the number of Library Cards of student users.</p> <p>(VI) Steps have already been taken to increase</p>

		<p>magazines through the Internet and through the Universities Computer Network as well as use of the Librarian Inquiry Service and the newspapers. Therefore, all these facts have to be focused in reaching to a conclusion regarding the extent of use of the library.</p> <p>Although some problems arose in library use due to reconstruction of the roof of the Library building during the final quarter of the year 2015, action will be taken in future to maintain the library use at expected level through making the library services more efficient by introducing new technological methodologies.</p>	<p>the number of additional copies of books and other publications that are mostly used at the Library.</p>
(e)	<p>Recurrent expenditure amounting to Rs. 534,096,538.00 and Rs. 457,802,863.00 had been incurred for 1956 and 1900 students in the year under review and the preceding year respectively. As such, the cost per student amounted to Rs. 273,055.00 and Rs. 240,949.00 Accordingly, the cost per student had increased by Rs. 32,106.00 in the year under review as compared with the preceding year.</p>	<p>The main reason for the increase in per capita cost by Rs. 32,106.00 during the year under review was the occurrence of a higher increase in revenue and Capital Expenditure than the increase in the number of students.</p>	<p>The reason for the increase in per capita student cost by Rs. 32,106.00 during the year under review pointed out by the audit was the higher increase in revenue and Capital Expenditure than the increase in the number of students. (There is no change in the answer given.)</p>
(f)	<p>Out of 550 students enrolled to the University for the year under review, 09 students or 1.6 per cent had dropped out of the courses.</p>	<p>A few students had left their courses due to employment, migration or some other personal reasons.</p>	<p>Some students get employment opportunities or foreign scholarships and leave courses. This is a phenomenon that cannot be prevented practically.</p>
(g)	<p>Even though 850 students should be enrolled for 11 Degree programmes for the year under review according to the Corporate Plan for 2013-2017, only 550 students</p>	<p>I wish to state that such vacancies do occur as it is the University Grants Commission that conducts the selection of students for student enrolment and some of the proposed</p>	<p>The University Grants Commission conducts the enrolment of students and hence action is taken to fill the vacancies as much as possible in respect of the</p>

	had been enrolled. As such, out of the expected number of students, 300 students had not been registered.	students do not get registered and also because updating is continuously done for various courses.	circumstances that arise.
4.2 Management Activities			
(a)	According to the decision taken relating to the vesting of land owned by the Ministry of Industrial in the Ministry of Education for the establishment of the University under the Cabinet paper No.5/0183/035/001 at the meeting of the Cabinet of Ministers held on 10 February 2008, the ownership of lands of 30,9667 hectares in extent allocated to University had not been legally vested in the University.	Acquisition of the land has been delayed as legal action has been instituted at the Supreme Court against two of the persons who had been settled in the land belonging to the Ministry of Industries after removing six such persons by paying compensation.	A request has been made to the Ministry that a compensation committee be appointed in order to discuss with the Divisional Secretary, Badulla and reach a decision through negotiation to pay a suitable compensation.
(b)	Even though it is the duty of the Chief Accounting Officer and the Accounting Officer to deal promptly with audit queries in terms of Financial Regulation 155 and to give complete answers, answers had not been given even by 31 May 2016 to 05 queries issued by the Government Audit in the year 2015.	<p>Replies have been sent to the Auditor General on 20.06.2016 and on 21.06.2016 to 02 of the 05 queries raised by the Auditor General's Department referred to in your Report.</p> <p>Sending of replies to audit queries was delayed due to activities relating to the Convocation of the University and Aptitude Test and I wish to express my regret regarding it.</p> <p>In addition, I will take steps as soon as possible to send replies to the remaining three audit queries.</p>	Six audit queries had been received from the Auditor General's Department for the year 2015 and replies have been given to four of them. Replies have been provided in the final draft report to the Auditor General's Department to the matters stated in the other two audit queries.
4.3 Underutilization of Funds			
(a)	Out of the budgeted capital provision amounting to Rs. 6,650,000.00 made in the year 2015 for encouraging researches, a sum of Rs. 1,480,495 had been utilized	Although some under-utilized state existed in respect of the allocation made for research in the year 2015, the Research Committee had given approval for 32 research proposals during	Although 32 research proposals had been approved within the year 2015, spending for them occurred mainly within the year 2016. As a result, the

	<p>and provisions of Rs. 5,169,505.00 had been saved representing 78 per cent of the total provisions.</p>	<p>this year. The funds approved for research in the year 2015 was 31,474,596.06. Accordingly it reflects an increase of 300% as against the year 2014.</p> <p>However, an under-utilized state prevails with regard to provision for research due to delays occurring in purchasing chemicals and instruments locally in respect of most researches and due to shortage of instruments necessary for research at the University.</p> <p>At the same time, some of the provisions allocated to the University are not utilized when carrying out research for other institutions because necessary financial facilities are provided by the respective institutions.</p> <p>However, I wish to state that the contribution to research, which is one of the main objectives of the University, prevails at a very satisfactory state.</p>	<p>expenditure borne for research in the year 2016 was Rs. 7,162,475.00 which has far exceeded the initial Budget provision for the year concerned.</p>
(b)	<p>Even though budgeted capital provision of Rs. 25,000,000.00 had been allocated in the year 2015 for the establishment of a Degree Programme in Technology to suit the new Technology Stream in Advanced Level, a sum of Rs. 745,162.00 had been utilized. As such, a sum of Rs. 24,254,838.00 representing 97 per cent of the provisions made, had not been utilized.</p>	<p>Out of the Budgetary Capital Provision of Rs. 25,000,000.00 that had been allocated for the year 2015 in order to establish a technology degree which suits the new Technology stream at the Advanced Level, only Rs. 745,162.00 had been spent. Accordingly Rs. 24,254,838.00 remained unutilized. Although it has been stated that it is 97% of the provision, the 25 million rupees allocated for the year 2015 was utilized for purchasing laboratory instruments as well as designing syllabuses of the new degree courses. Several workshops were organized for</p>	<p>Fixed assets worth nearly 50 million rupees have been purchased from the funds received for the Technology stream by now and Recurrent Expenditure is being spent.</p>

		<p>designing syllabuses and it cost Rs. 745,162.00.</p> <p>The tender for purchasing laboratory instrument was called in July 2015 and purchasing process was carried out about a month later. The supplier took about 03 months to supply the instruments and as such, it was not possible to spend the provisions for the year 2015 within that same year.</p>	
(c)	<p>The sum of Rs. 3,323,020.00 given to the University in December 2014 through the District Secretariat of Badulla by the Ministry of Economic Development under the Divineguma Livelihood Development Programme in the year 2014 had remained idle even by 31 December 2015 and as such, the progress of implementation of the project had been unsatisfactory.</p>	<p>Rs. 1,907,312.69.00 has been spent by now for purchasing laboratory instruments and glassware for the Tissue Culture Laboratory, which is approximately 57% of the total provision.</p>	<p>Rs. 2,587,948.00 has been spent by 28 February 2017 out of the Rs. 3,323,020.00 provided by the Ministry of Economic Affairs through the Badulla District Secretariat for establishing a Tissue Culture Unit. The Unit is being established.</p>
(d)	<p>A sum of approximately Rs. 2,000,000.00 earned from external courses in the years 2014 and 2015 had been deposited in a current account without utilizing for the activities of commencement of the courses.</p>	<p>Although the bank account referred to had a balance of 2 million rupees in it as at 31 December 2015, that amount as a whole was made up of registration fees received for a newly-started computer course and instalments paid earlier by students. The whole balance cannot be invested because a substantial percentage has to be kept for lecture fees and other expenses. Steps have been taken in the year 2016 to invest the balance after allowing for expenses.</p>	<p>As stated in the initial reply to this audit observation, Rs. 500,000.00 was retained for day-to-day expenses out of the 2 million rupees that remained in the current account concerned out of the funds generated from external courses and the balance Rs. 1,500,000.00 has been invested in a fixed deposit.</p>
4.4 Idle and Underutilized Assets			
(a)	<p>Five safes purchased on 30 June 2010 for a sum of Rs. 322,560.00 had remained idle</p>	<p>An inquiry has been conducted in this regard on the recommendation of the Audit</p>	<p>An preliminary inquiry was conducted on the misplacement of the keys of</p>

	even as at 31 December 2015 without being made use of.	Committee of the University and a immediate decision will be taken regarding these fire protection safes.	the safes concerned and based on its report, charge sheets have been issued to two officers and a formal inquiry is being held. Approval of the Council has been received to obtain duplicate keys to replace the misplaced ones from the supplier of the safes and put the safes to use.
(b)	According to the reports submitted in respect of using the multi-purpose 3-Axis CNC machine valued at Rs. 14,060,480.00 purchased in the year 2012 for the engineering workshop, this machine had been used only for displaying purposes carried out using wood and afterwards had remained underutilized as at 31 December 2015.	<p>The CNC machine was purchased by the Faculty of Science and Technology for the purpose of giving CAD/CAM practical knowledge needed for students of the Mechatronics Division of the Science and Technology degree course as well as to provide subject knowledge to students of other degree courses. The unique functions and facilities available in this machine cannot be obtained from any other instrument available at the University's workshop.</p> <p>This machine is introduced during the first semester of the Third Year in the Mechatronics Division of the Science and Technology degree course and only ordinary tests associated with are carried out. As such, the following activities were included in the First Semester of the Third Year.</p> <ol style="list-style-type: none"> 1. Introduction of the functioning of the CNC machine to students. 2. Giving practical training to operate the machine on their own. 3. Training students on the functioning of the machine using coding. 	This machine is used for academic activities at present.

		<ol style="list-style-type: none"> 4. Conducting a practical test on cutting an alphabetical character of students' choice using the CNC machine. 5. Conducting a practical test on cutting a pre-determined alphabetical character using the CNC machine. 6. Giving opportunity to students to cut a pre-determined shape using the CNC machine. 7. Conducting a practical test on cutting a pre-determined shape using the CNC machine. <p>In-depth courses relating to the functioning of this machine and practical activities associated with it are spread throughout the Second Semester of the Third year and the whole of the Fourth Year. This machine is used in various ways for research activities of the Final Year students.</p> <p style="text-align: center;">Use of CNC Machine and Future Opportunities</p> <p>This machine will be used widely by the undergraduates enrolling through the Engineering Technology Degree course to be introduced in the year 2017 (by 75 students of 4 years) and the syllabus for the programme is being designed at present. At the same time, making the machine available for services needed by the factories in the area at a price is also being contemplated. The services so identified include:</p> <ol style="list-style-type: none"> 1. Plastic manufacturing – To 	
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		<p>make mold</p> <p>2. Electric switch and socket manufactures – To make mold and various metal parts</p> <p>3. Rubber Manufacturing – To make mold, gig and fixtures</p> <p>4. Automation Industry – To make various machinery parts</p> <p>5. Garment industry – To make parts and various attachments to the sewing machines</p>	
(c)	The accounting software valued at Rs. 222,768.00 purchased in the year 2013 for facilitating the administrative activities of the finance Division of the University had been disposed, without being made use of.	<p>Although an accounting computer software named “Tally” had been purchased in the year 2013, training necessary for the software had been given only to the trainees attached to the Accounts Division at that time. After their training period of 6 months, they had left.</p> <p>They had been provided with knowledge and training on this software because there had been no permanent staff at the Accounts Division at that time.</p>	There is no change in the initial reply given to this audit observation.
4.5 Contract Process			
	Even though a written agreement should be entered into between the client institution and the contractor after awarding the construction in terms of the Code of Instruction No. 08 of 25 January 2006 of the National Procurement Agency and paragraph 33.6 of ICTAD SBD/01, agreements had not been entered into in awarding the construction of the University to the General Engineering Consultancy Bureau.	Relevant payments and other activities have been carried out on the basis that “No agreements can be reached until the approval of the Permanent Technical Evaluation Committee is received for the rates of payment” during the initial stage of the construction of the University. However, contracts have been signed in respect of all the construction works that are in progress.	Once the approval is received from the Permanent Technical Evaluation Committee for the relevant rates, contracts will be signed. Contracts have been signed in respect of all the contracts that are awarded at present.
4.6 Staff Administration			

	<p>Ten approved posts of Professor in the faculties of the University and out of the 180 approved posts of Lecture for the faculties of Animal Science, Export Agriculture and Science and Technology, 40 posts had been vacant and an excess of 07 posts of Lecturers had existed in the Faculty of Management. Moreover, in terms of Circular No.876 of the University Grants Commission of 06 June 2006, necessary action had not been taken to recruit officers for 70 vacancies of the non – academic staff of the University.</p>	<p>Although applications had been called for the recruitment of Professors no applications were received, and as a result it was not possible to fill the vacancies. However, I wish to state that Academic activities are conducted by obtaining the necessary Senior Lecturers on external basis.</p> <p>Most of the vacancies in the approved teaching staff have been filled by now and such a situation has arisen because of the recruitment of University Teachers for courses conducted by all the Faculties of the University. However, most activities necessary for obtaining approval has been carried out. It is not accurate that there are 70 positions vacant in the Non-Academic Staff. I wish to state that 80% of the vacancies which had existed in the year 2015 were filled during the year 2016.</p>	<p>Already, 80% of the vacancies have been filled.</p>
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5. Accountability and Good Governance

5.1 Corporate Plan

<p>A review of operation for the preceding 03 years had not been included in the aforesaid Corporate Plan in terms of Section 5.1.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003. Further, the financial values of the targets to be achieved had not been indicated and as such, the Corporate Plan had not been presented in a manner to enable the evaluation of the annual progress.</p>	<p>Already, arrangements have been made to conduct a Progress Review Meeting once every two months in order to review progress of the Combined Plan and steps will be taken to rectify the lapse in future.</p>	<p>Action has been taken to review the progress of the Combined Plan at Progress Review Meetings that are conducted every two months and to rectify the deviations.</p>
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5.2 Action Plan

The updated organizational	The details concerned, especially	The organizational structure
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structure of the University, details on the approved and actual cadre and the Internal Audit plan had not been included in the Action Plan prepared for the year under review in terms of paragraph 04 of the Public Finance Circular No.01/2014 of 17 February 2014.	the organizational structure, has been included in the Combined Plan. Arrangements have been made to include the approved cadre and the internal audit plan in the Action Plan.	has been included in the Combined Plan and the approved cadre and the internal audit plan has been included in the Action Plan.
5.3 Internal Audit		
The copies of internal audit reports in terms of Financial Regulation 134(3) had not been presented to the Auditor General in ascertaining whether an adequate internal audit had been carried out so as to cover different areas in terms of Financial Regulation 133(2) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	As per the instructions in Financial Regulations, a summary of the six-monthly internal audit report has been submitted to the Auditor General. I will take action to send copies of the Internal Audit Report together with it in future.	The Internal Audit Division conducts a formal internal audit covering all the Divisions of the University according to an audit plan which has received the approval of the Audit and Management Committee. Those audit queries are submitted to the Auditor General through bi-annual reports.
5.4 Procurement Plan		
The Master Procurement Plan had not been updated in terms of Guidelines 4.2.1 (e) and 4.2.2 of the Procurement Guidelines of 2006.	I agree. It has not been possible to update the Master Procurement Plan as per the provisions of the Procurement Guidelines. I ensure that such a thing will not occur in future.	Detailed Procurement Plans have been prepared for the years 2016 and 2017.
5.5 Budgetary Control		
Variances ranging from 4 per cent to 66 per cent of the provisions made for 05 items of recurrent expenditure and significant variances ranging from 15 per cent to 97 per cent of the provisions made for 09 items of capital expenditure were observed in the comparison of the estimated expenditure with the actual expenditure, thus indicating that the budget had not been made use of as an affective instrument of management control.	I agree. However, substantial variations are observed when compared with the actual expenditure because the amounts allocated for certain Heads had been unrealistic (very high/low) in compiling the Budget.	No measure need be taken in respect of this observation. The audit observation is an analysis/ review.
5.6 Unresolved Audit Paragraphs		

The University had failed to rehabilitate the Waste Water Recycling Project up to the end of the year under review in accordance with the instructions given by the Committee on Public Enterprises at the meeting held on 21 September 2012.	The work of the Waste Water Recycling Project has already been completed and even a quality control report has been obtained.	The work of the Project concerned has been concluded and a quality control report has been obtained.
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6. Systems and Controls

Deficiencies in system and controls observed during the course of audit were brought to the notice of the vice chancellor of the University from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls	Observations
(a) Accounting	Failure in following Accounting Standards, existence of accounting deficiencies and un-reconciled accounts.
(b) Assets Management	Failure in revaluation of fixed assets and non-maintenance of Registers of Fixed Assets properly.
(c) Stores Control	Weak management of stocks and failure in indicating stocks in the financial statements.
(d) Staff Administration	Existence of vacancies in posts and excess employees.
(e) Performance	Failure in achieving the expected targets.