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வருடாந்த அறிக்கை
ANNUAL REPORT



2010



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இலங்கை தென்கிழக்குப் பல்கலைக்கழகம்
SOUTH EASTERN UNIVERSITY OF SRI LANKA

South Eastern University of Sri Lanka

FIFTEENTH ANNUAL REPORT

2010

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PREFACE

This is the 15th Annual Report of the South Eastern University of Sri Lanka, Oluvil for the year 2010 with the financial statements. It is prepared in three languages to transmit the full account of its programme conducted during the year under review and to make it available with the approval and recommendations of the University Council to Treasury whereupon to the Honourable Minister of Higher Education who shall cause copies thereof to be tabled in Parliament according to the Universities Act. No. 19 of 1978 as amended subsequently by Act No. 7 of 1985. Also a copy of this report is to be submitted to the University Grants Commission for acceptance. For reference purposes copies will be made available at the Library, South Eastern University of Sri Lanka.

In this Annual Report 2010 its contents are so arranged and structured as to meet with the expectation of the Department of Public Enterprise to have correlation with its guide lines.

Registrar



Ministry of Higher Education

Hon. S.B. Dissanayake
Minister of Higher Education
Ministry of Higher Education

Nandimithra Ekanayaka
Deputy Minister of Higher Education
Ministry of Higher Education

Contact

No. 18.
Ward Place
Colombo 7
www.mohe.lk

Vision

To contribute towards achieving excellence in Higher Education and Higher Technological Education for the development of high quality market oriented and knowledge based society"

Mission

To provide Higher Educational and Higher Technological opportunities to those who are qualified for Higher Education to Produce a higher Quality market oriented education system for a knowledge based society through Policy Formulation Facilitation and Regulation of Education ,Training and Assessment ensuring Social Equity in order to achieve sustainable economic development."



University Grant Commission

Prof. S V D G Samaranayake

Chairman

University Grants Commission

Prof. Ranjith Senaratne

Vice Chairman

University Grants Commission

Mr. Tissa Nandasena

Secretary

University Grants Commission

Contact

No. 20.

Ward Place

Colombo 7

www.ugc.ac.lk

Vision

The Vision of the UGC is to develop a University System of the highest quality appropriate to national needs and aspirations, in keeping with global trends.

Mission

The Mission of the UGC is to promote and sustain through resource allocation, a widely accessible university system that is accountable to the public and dedicated to the highest levels of learning, professional training and research, relevant to the needs of the country, by facilitating, in partnership with other stakeholders of higher education, the diversification and the assurance of quality of academic programmes and the emergence of centers of excellence in teaching and research.



South Eastern University of Sri Lanka

Dr. SM. Mohamed Ismail
Vice Chancellor
SEUSL

Mr. H. Abdul Saththar
Registrar
SEUSL

Contact

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Vision

To be a world- class university in developing knowledge society.

Mission

To create and disseminate knowledge through education and research and produce responsible citizens

Goals

The university has identified the following goals from the broad analysis of its dynamic environment.

- ✓ To Enhance the institutional capacity to achieve the excellence in teaching, learning and research
- ✓ To prepare the students to meet the challenges of modern world of work effectively.
- ✓ To stabilize good corporate governance through the system of administrative and financial management
- ✓ To create conducive and comfortable environment to encourage active participation students and staff in academic and other activities
- ✓ To be the center of enlightening values to the local and national resources

Objectives

Followings are the objectives listed under each goal

Goal No. 1

- To produce high quality graduates in wider and need based areas of studies to cater the regional, national and global needs
- To provide quality postgraduate studies and research programmes
- To evolve a research culture of regional, national and international standards
- To develop the university library excellently to cater expanding educational and research needs of the students, academics, researchers, and other communities.

Goal No. 2

- To produce highly employable graduates who would fit into the different sectors
- To guide the undergraduates in their efforts to have right career choices to develop their personality.
- To provide and promote better facilities for students
- To create positive attitude among the undergraduates to cope with their daily affairs.
- To train the undergraduates for building competency in English Language and ICT
-

- To promote ethnic cohesion among the students of intra and inter university to ensure their role in nation building.
- To produce well balanced and active sports men and women with renowned leadership quality

Goal No. 3

- To regularize higher performance in Administrative System
- To ensure excellent Financial Management Services
- To facilitate effective supportive services through service units/divisions
- To enhance Human Resources Management in the University

Goal No. 4

- To keep clean environment in the university premises in Oluvil and Sammanthurai
- To establish landscape for developing the existing aesthetic and flora value of environment
- To ensure eco-friendly constructions of infrastructure on the consideration of present conditions.
- To maintain better management & monitoring of environmental resources

Goal No. 5

- To motivate staff to develop expertise quality relevant to regional developments.
- To have collaborative link with the other institutions involving in the development work in the country.

1. Vice Chancellor's Review

a. Brief introduction

The establishment of the South Eastern University of Sri Lanka (SEUSL) and its predecessor, the South Eastern University College of Sri Lanka in 1995 under the provision of section 24A/23 of the University Act No. 16 of 1978 as amended by Act No. 07 of 1985, no doubt fulfilled the long felt needs of the people of the South Eastern region. It also coincided with more positive thinking and the policy of the government to broad base University education by extending it to its periphery and less developed regions in the country.

By gazette notification 916/7 of 27th march 1996, the South Eastern University College raised as national University under the corporate name of South Eastern University of Sri Lanka. It thus commenced its activities as a fully fledged University from 15th May 1996. The Eastern Province Affiliated University College which was functioning at Sammanthurai was amalgamated with the SEUSL in 1997. At present the SEUSL is located in two places, the main campus is in a beautiful 225 acres of green land in the coastal village of Oluvil and the other one is located in 50 acres of fertile land in Sammanthurai in the Ampara District, which is 350 kilometres from capital, Colombo. The SEUSL has an Academic Programme Centre at Colombo, which is utilized to conduct administrative meeting and some academic activities.

The University had been established with two Faculties at the outset namely, the Faculty of Arts & Culture and the Faculty of Management & Commerce at Addalaichenai, sharing the premises of the Government Teachers' College. Later the location of the University was shifted to the permanent location at Oluvil. In 1997, The Faculty of Applied Sciences was established as third faculty at Sammanthurai, in October 2005,

the Faculty of Islamic Studies & Arabic Language was established as a fourth Faculty at Oluvil.

The South Eastern University of Sri Lanka has a corporate system of public organizational structure consisting of four faculties, libraries, English Teaching and Computer unit together with Administrative, Financial and Audit divisions.

This University is brought to be governed under the system of corporate governance of the University Grants Commission with the direction of the Ministry of Higher Education in the matter of the implementation of the national policy on the University education reform and the Treasury that allocates funds.

University is a public nonprofit enterprise financed by the government and assisted by the donor agencies supervised by Government Auditors / Internal Auditor, and guided by the Parliamentary Acts, rules and regulations. The was set out by the UGC Establishment code, circulars etc.. The University Council is the supreme body which is responsible for decision making, approval and implementation of corporate governance with the help of Senate, and Faculty Boards and other Statutory-Committees and formulated by the Council and the Senate in order to earn the tasks.

The President nominates the Chancellor as the ceremonial Head of the University and appoints the Vice Chancellor with the recommendation of the UGC as the Principal Executive Officer, Principal Academic Officer and Accounting Officer of the University to create, ensure and maintain the effective and efficient system of corporate governance for good administration and management with the principles of delegation of powers and duties. In this way this University is to benefit the society to promote national and international peace, prosperity and social harmony and to strengthen the productivity capacities of the country.

The University Council is the Chief Executive Body and governing authority. Vice Chancellor is the Chairman by the virtue of the power vested in him. It is the final authority to approve the proposals submitted by the Senate and the Faculty Boards. The Sub - Committees of the council include Finance Committee, Lands, Building & Maintenance Committee, Audit and Management Committee, Tender Board and Selection Committees. Registrar is the Secretary of the Council.

Ex-Officio Members

Dr. SM. Mohamed Ismail	- Vice Chancellor (Chairman)
Mr. MBM. Amjath	- Dean / Faculty of Management & Commerce
Mr. AM. Razmy	- Dean / Faculty of Applied Sciences (up to 13.06.2010)
Dr. (Mrs.) MIS. Safeena	- Dean / Faculty of Applied Sciences (from 14.06.2010)
Mr. MSM. Jalaldeen	- Dean / Faculty of Islamic Studies & Arabic Language
Mr. SM. Aliff	- Dean / Faculty of Arts & Culture

Appointed Members

Prof. Uma Coomarasqamy (up to 26.10.2010)
Prof. Thilak Hettiarachi (up to 08.06.2010)
Mr. Sunil Kannangara (up to 26.10.2010)
Prof. Dayanantha Wijeyasekera (from 09.06.2010)
Dr. PKCL. Jayasinghe (from 27.10.2010)
Mr. PTA. Hassan (from 27.10.2010)
Mr. MM. Abul Kalam
Mr. YM. Anver Ziyath (from 09.06.2010)
Mr. Anver M. Mustapha
Mr. LRS. Bandara
Dr. SL. Riyas

Senate Nominees

Dr. FC. Ragel, Senior Lecturer, Gr. II, Faculty of Applied Sciences

Dr. A. Jahfer, Senior Lecturer, Gr. II, Faculty of Management & Commerce

Secretary

Mr. Mansoor A. Cader, Acting Registrar (Up to 30.11.2010)

Mr. H. Abdul Saththar, Registrar (From 01.12.2010)

b. Achievements :

- Complying with the UGC circular letter No. UGC/HR/6/5/01 effective time management was introduced for the university day today activities. The arrivals and departures of employees were marked by finger machine system.
- Internal Road from Main Gateway to Administration Building was developed in order to enhance the effective transport facilities to the University stake holders.
- A green and clean environment has been introduced and implemented in the university.
- Landscaping and tree plantations were effectively done to beautify the University premises.
- An International symposium had been conducted to improve, develop and maintain the academic research activities.
- 1000 meters of parapet wall along the Southern Boundary was constructed to upgrade the University security.
- Installation of Intercom and Internet connection to the newly constructed building of Faculty of Arts and culture was completed.
- Back log clearance of Annual report for 2006, 2007, 2008 & 2009 were completed.
- Completed the Master Leave Register of non Academic Staff for the year of 2010.
- The Fixed Assets updating work has been initiated to complete the Master Inventory Register.

c. Failure & Justification :

- The University has failed establish the proper Master Inventory Register according to the financial regulations due to the lack of knowledge.
- University has failed to complete the annual board of survivor due to the incomplete departmental inventory register and related documents.
- University has prepared a corporate plane without a proper consultation from the relevant agencies.
- The University is not in a position to implement the UGC circular letter No. UGC/HR/6/5/01 to the Academic Staff and other Academic Supportive staff to mark their arrival, departure and leave records without their support.

d. Future Plan

- The University is planning to establish the proper Master Inventory Register according to the financial regulations and relevant circulars
- University is preparing a strategy to complete the annual board of survivor regularly.
- University has decided to prepare a new corporate plane with the proper consultations from the suitable agencies.

2. Details of Resources & Students :

Faculty	Course	Total Students	Total Academic Staff	Total non Academic Staff
Faculty of Applied Sciences	Biological Science	87	19	20
	Physical Science	86		
Faculty of Arts & Culture	Arts (General)	475	24	06
	Arts (Special) Total	134		
Faculty of Islamic Studies & Arabic Language	Arabic Language (General)	77	05	04
	Arabic Language (Special)	12		
	Islamic Studies (General)	191		
	Islamic Studies (Special)	36		
Faculty of Management & Commerce	Management	248	22	11
	Commerce	97		
	Management & Information Technology	62		
	Information Technology For Management Studies	58		
Total		1551	65	31

3. Details of Local Students :

Faculty	Course	Medium	Intake 2010	1 st Year Students	2 nd Year Students	3 rd Year Students	4 th Year Students	No.of Graduated
Faculty of Applied Sciences	Biological Science	English	62	38	24	25	-	20
	Physical Science	English	38	37	29	20	-	24
Faculty of Arts & Culture	Arts (General)	Tamil	168	146	134	195	-	193
	Arts (Special)	Tamil	-	-	47	46	41	42
Faculty of Islamic Studies & Arabic Language	Arabic Language (General)	Tamil	73	44	33	-	-	-
	Arabic Language (Special)	Tamil	-	-	08	02	02	02
	Islamic Studies (General)	Tamil	74	74	49	68	-	57
	Islamic Studies (Special)	Tamil	-	-	17	12	07	07
Faculty of Management & Commerce	Management	English & Tamil	98	89	65	43	51	50
	Commerce	English & Tamil	65	44	41	06	06	05
	Management & Information Technology	English	79	62	-	-	-	-
	Information Technology For Management Studies	English	-	-	58	-	-	-
Total			657	534	505	417	107	400

4. Details of Foreign Students

Faculty	Course	Medium	Intake 2010	1 st Year Students	2 nd Year Students	3 rd Year Students	4 th Year Students	No.of Graduated
Not Applicable								

5. Details of Academic Staff

Faculty	Subject	Medium	Senior Prof	Professor	Senior Lecturer	Lecturer	Asst. Lecturer	Instructors
Arts & Culture	Geography	Tamil			03		01	
	Tamil	Tamil			05			
	Political Sciences	Tamil			02	01		
	Economics	Tamil			04		01	
	Philosophy	Tamil			04			
	English	English				02	02	01
	Sociology	Tamil				01	01	
	Sinhala	Sinhala			01			
	History	Tamil			01			
	Computer Technology	Tamil/ English						
Islamic Studies & Arabic Language	Arabic Languages	Tamil			03		03	
	Islamic Culture	Tamil			02		01	
	Islamic Studies	Tamil					01	
Management	Management	Tamil			02		01	
	Accountancy	Tamil					01	
	Commerce	Tamil			08		01	
	Business Administration	Tamil			05			
	Marketing Management	Tamil			01	01		
	Business Economics	Tamil			01			
	Business Studies	Tamil			02			
	MIS	English			01			
	MIT	English			01			
Faculty of Applied Science	Agriculture	Tamil			01			
	Botany	Tamil/ English			02			
	Earth Science	Tamil/ English			01			

		English						
	Zoology	Tamil/ English			01		01	
	Statistics	Tamil/ English			02		01	
	Chemistry	Tamil/ English			03			
	Mathematics	Tamil/ English			02		02	01
	Physics	Tamil/ English			02			
	Computer Sciences	Tamil/ English			01		02	
	Earth Sciences	Tamil/ English			02		01	
	Computer Technology	Tamil/ English			02			
Total					65	05	20	07

6. Details of Non-Academic Staff

Faculty / Branch	Most Senior	Senior Staff	Junior Staff	Minor Employees
General Administration	01	02	24	09
Financial Administration		02	04	01
Stores & Supplies Division		01	01	02
Career Guidance Unit		-	01	-
Security Services		02	25	-
Transport Services			01	09
Faculty of Arts & Culture		02	02	04
Faculty of Management & Commerce			07	04
Faculty of Applied Sciences		02	09	09
Faculty of Islamic Studies & Arabic Languages		01	02	01

Examination Services			04	02
Library Services			08	09
Staff & Student Welfare Services			02	11
Physical Education				02
Maintenance Division				
Land & Buildings			02	11
Electricity & Water Supply				07
Hostels	01		01	01
Total	02	12	93	82

7. Details of Research, Innovation and Publications :

Subject	Published	Commercialized	Presented
a. No of Researches	-	-	24
b. No of Innovations	-	-	-
c. No of Journals	03	-	-
d. No of Books	09	-	-
e. No of Articles	07	-	-
f. Others	02	-	-
Total	2	-	24

8. Details of Programme, Seminars & Workshops:

Subject	Attended	Completed	Presented
a. No of Postgraduate Degree Programme	-	-	-
b. No of Postgraduate Diploma Programme	-	-	-
c. No of Degree Programme	01	-	-
d. No of Diploma Programme	-	-	-
e. No of Certificate Programme	01	-	-
f. Other	-	-	30
Total	02	-	30

9. Details of Awards Received

Subject	No of Awards	No of Academics	No of Students
a. Local Awards	09	01	08
b. National Awards	04	02	02
c. International Awards	-	-	-
d. Other	-	-	-
Total	13	03	10

10. Details of New Courses Started

Faculty	Course	Medium	Certificate	Diploma	Post Graduate Diploma	Master	M Phil	PhD
Not Applicable								

11. Details of Recurrent Expenditure

Subject	2009 Rs	2010 Rs
a. Personal emoluments	161,108,927.61	165,789,977.41
b. Travelling	2,461,677.67	1,248,610.88
c. Supplies	11,341,044.72	14,492,336.37
d. Maintenance	9,903,354.09	10,127,434.74
e. Contractual Services	45,404,812.04	46,538,301.25
f. Other	9,919,288.84	9,016,699.15
Total	240,139,104.97	247,213,359.80

12. Details of Capital Expenditure

Subject	2009 Rs	2010 Rs
a. Acquisition of furniture & Office Equipments	13,395,834.00	10,495,826.00
b. Acquisition of Machineries	248,191.00	-
c. Acquisition of Building & Structures	12,000,280.00	7,491,293.00
d. Other (Books)	3,004,052.00	1,976,150.00
e. Communication	138,006.00	4,592,870.00
Total	28,786,363.00	24,556,139.00

13. Details of Projects (Local Funded)

Name & Detail	Loan / Grant	Funding Agency #	TCE Rs.mn	RFA Rs.mn	DF Rs.mn
Building Complex for Faculty of Arts & Culture	Consolidated Fund	GOSL	137.00	-	-
Building Complex for Faculty of Management & Commerce			160.00	-	-
Building Complex for Library			200.00	-	-

Details of Projects (foreign Funded)

Name & Detail	Loan / Grant	Funding Agency #	TCE Rs.mn	RFA Rs.mn	DF Rs.mn
Building Complex for Students Hostel for Male & Female	Loan	Kuwait Fund for Arab Economic Development	315.00	283.5	31.50
Building Complex for Staff Accommodation			160.00	144.00	16.00
Building Complex for Student Centre			60.00	54.00	6.00
Building Complex for Faculty of Islamic Studies & Arabic			140.00	126.00	14.00
Sports Athletic Grounds & Pavilion			55.00	49.50	5.50
Building Complex for Faculty of Technology			130.00	117.00	13.00
Building Complex for Health Centre			24.00	21.60	2.40

14. Details Project Expenditure (Local Funded - Million)

Name	TCE Rs (mn)	Exp in 2009 Rs.(mn)	Exp in 2010 Rs.(mn)	Cumulative Exp as at 31.12.2010	% of Physical Progress
Building Complex for Faculty of Arts & Culture	137.00	31.94	4.75	129.37	100%
Building Complex for Faculty of Management & Commerce	160.00	-	40.47	40.47	17%
Building Complex for Library	200.00	-	54.42	54.42	22%

Details of Project Expenditure (Foreign Funded – Million)

Name	TCE Rs (mn)	Exp in 2009 Rs.(mn)	Exp in 2010 Rs.(mn)	Cumulative Exp as at 31.12.2010	% of Physical Progress
Building Complex for Students Hostel for Male & Female	315.00	132.12	154.97	287.09	100%
Building Complex for Staff Accommodation	160.00	70.76	3.64	144.40	100%
Building Complex for Student Centre	60.00	5.38	20.70	26.08	40%
Building Complex for Faculty of Islamic Studies & Arabic	140.00	10.98	45.69	56.67	55%
Sports Athletic Grounds & Pavilion	55.00	-	24.95	24.95	48%
Building Complex for Faculty of Technology	130.00	10.55	37.64	48.19	37%
Building Complex for Health Centre	24.00	-	11.87	11.87	65%

15. Details of Financial Progress (Expenditure)

Subject	Provision in 2010 Rs.	Exp in 2010 Rs	Savings / Excess Rs
a. Recurrent except Project	242,205,000.00	247,213,360.00	(5,008,360.00)
b. Capital Except Project	-	-	-
c. Project - Local funded	90,000,000.00	91,316,956.00	(1,316,956.00)
d. Project Foreign funded	-	-	-
Total	332,205,000.00	338,530,316.00	(6,325,316.00)

16. Details of Financial Progress (Generated Income)

Subject	Provision in 2010 Rs.	Collection 2010 Rs	Deficit / Surplus Rs
a. Undergraduate Studies	50,000.00	92,395.00	(42,395.00)
b. Postgraduate Studies	-	-	-
c. Consultancies	-	116,765.00	116,765.00
d. Other	2,570,000.00	1,329,821.00	1,240,179.00
Total	2,620,000.00	1,538,981.00	1,399,339.00

17. Financial Performance Analysis – 2010

Subject	Formula	Exp. Per Student RS
a. Recurrent Expenditure per Student (RE)	RE/No of student strength	158,165.94
b. Capital Expenditure per Student (CE)	CE/No of student strength	58,424.16
Total		216,590.10

18. Details of Infrastructure Facilities Received in 2010 :

Infrastructure Details	Expenditure Rs.	Physical Progress
Faculty of Management and Commerce	34521073.60	On going
Library	2951472.00	
Faculty of Applied Science	46565910.17	
Partition Work and Air Condition Fitting	34521073.60	Completed
Setting of Cultural Museum	283669.00	
Parapet Wall	4146816.00	

19. Report of the Auditor General



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My No }

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உமது இல }
Your No. }

දිනය }
திகதி }
Date }

09 November 2011

The Vice - Chancellor,
South Eastern University of Sri Lanka

Report of the Auditor General on the Financial Statements of the South Eastern University of Sri Lanka for the year ended 31 December 2010 in terms of Section 108(2) of the Universities Act No. 16 of 1978.

The audit of the financial statements of the South Eastern University of Sri Lanka for the year ended 31 December 2010 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 Sections 108(1) and 111 of the Universities Act No. 16 of 1978 and Sub - Sections (3), (4) and (7) of Section 13 of the Finance Act No. 38 of 1971. This report is issued in terms of Section 108 (2) of the Universities Act. A details report in terms of Section 13(7) (a) of Finance Act was issued to the Vice Chancellor of the University on 31 May 2011.

1.2 Responsibility of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

1.3 Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit. Audit opinion, comments and findings in this report are based on review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and test were such as to enable as wide audit coverage as possible

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within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit includes the examination on a test basis of evidence supporting the amounts and disclosures in financial statements and assessment of accounting policies used and significant estimates made by the management in the preparation of financial statements as well as evaluating their overall presentation. I have obtained sufficient information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit. I therefore, believe that my audit provides a reasonable basis for my opinion. Sub - Sections (3) and (4) of Section 13 of the Finance Act No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

2. Financial Statement

2.1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that, the South Eastern University of Sri Lanka had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 2.2 of this report, the financial statements which are in agreement with the said books have been prepared and presented in accordance with Sri Lanka Accounting Standards and give a true and fair view of the state of affairs of the University as at 31 December 2010 and the financial result of its operation and cash flows for the year then ended.

2.2 Comments on Financial statements

2.2.1 Presentation of Financial Statements

Financial statement of South Eastern University of Sri Lanka for the year ended 31 December 2010, which should have been rendered for audit within 60 days after the closure of financial year in terms of Section 6.5.1 of the Public Enterprises Guidelines for Good Governance Circular No. PFP/12 of 02 June 2003, had been rendered to audit only on 25 April 2011.

2.2.2 Accounting Deficiencies

The following deficiencies were observed

- (a) Salary advance amounting to Rs. 61,922 had been brought under the Loan Account instead of being shown as advance accounts.
- (b) The value of non - current assets aggregating Rs. 1,223,864,834 shown in the financial statements had been based on book value. A physical verification of these assets had not been carried out during the year under review.
- (c) Value of land had not been brought to financial statements and as a result the non - current assets had been understated.
- (d) Interest on Memorial Funds amounting to Rs. 28,597 had not been brought to the accounts as operating revenue.
- (e) Depreciation amounting to Rs. 512,776,258 had been shown as non - current liabilities instead of deducting from non - current assets.

2.2.3 Accounts Receivable and Payable

Following observations are made

- (a) Receivable aggregating Rs. 1,066,442 had not been confirmed by the parties concerned.
- (b) Loans and advances amounting to Rs. 1,066,442 granted for various purpose to the staff and suppliers had remained unsettled for considerable period as at 31 December 2010. Details are given below.

<u>Type of Loan / Advance</u>	<u>Amount</u> <u>Rs.</u>	<u>Period</u>
Vehicle loans	41,962	13 years
Computer loans	65,000	4 to 8 years
Motor bicycle loans	58,261	4 years
Festival and special loans	19,450	3 years
Distress loans	825,569	4 to 12 years
Book purchase loans	29,278	1 to 5 years
Salary advances	<u>26,922</u>	2 years
	<u>1,066,442</u>	

2.2.4 Lack of Evidence for Audit

Assets valued at Rs. 785,872,177 could not be satisfactorily vouched or accepted in audit due to the absence of required evidence such as valuation, board of survey reports, agreements, quotations etc.

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

Several provisions in the following Laws, Financial Regulations and Establishments Code for the University Grants Commission and Higher Educational Institutions, Public Administration circulars, and Sri Lanka Accounting Standards had not been complied with by the University.

- ✓ (a) Section 155 of the Inland Revenue Act. No. 10 of 2006.
- ✓ (b) Section 20.6 of Chapter X and Section 3.1 of Chapter XX of the Establishments Code for the University Grants Commission and Higher Educational Institutions.
- ✓ (c) Section 1.4 of Chapter XXX of the Establishments Code of Democratic Socialist Republic of Sri Lanka.
- ✓ (d) Public Administration circulars No. 45/91 of 04 October 1991 and No. 9/2010 of 07 June 2010.

✓ (e) **Financial Regulations**

Nos. 569, 570, 571, 702(3), 835, 1645 and 1646.

2.2.6 Over Payment

Hire charges for vehicles amounting to Rs. 480,000 had been paid to the Governing Council members to attend Governing Council Meetings. The actual amount that should have been paid according to UGC circular letter No. 06/2011 and P.A. Circular No. 09/2010 dated 07 June 2010 was Rs. 161,400. Therefore, it was observed that an over - payment amounting to Rs. 318,600 had been made

3. Financial and Operative Review

3.1 Financial Review

3.1.1 Financial Results

According to the financial statements presented, the working of the University for the year ended 31 December 2010 had resulted in a deficit of Rs. 368,771,300 before taking into account the Government grant for recurrent expenditure as compared with the corresponding deficit of Rs 320,006,294 for the preceding year. The Government grant amounting of Rs. 276,563,463 received for the recurrent expenditure, had reduced the deficit to Rs. 92,207,837 for the year under review as compared with a corresponding deficit of Rs. 49,409,912 for the preceding year after taking into account the Government grant of Rs. 270,596,382 for the recurrent expenditure for that year thus indicating a further deterioration in the financial result by Rs.42,797,925 due to increase in depreciation by substantial amount.

3.2 Performance

3.2.1 Cost per Student

According to the information made available to audit, the average cost per student for the year under review is shown below.

<u>Faculty</u>	<u>No. of Students</u>	<u>Cost Incurred for Academic Service</u>	<u>Average cost per Student</u>
		<u>Rs.</u>	<u>Rs.</u>
Arts	609	54,053,734	88,758
Management and Commerce	465	39,793,975	85,578
Applied Science	173	40,127,770	231,952
Islamic studies and Arabic Language	<u>319</u>	<u>20,292,487</u>	<u>63,612</u>
	<u>1566</u>	<u>154,267,966</u>	<u>469,900</u>

3.2.2 Courses and Examinations

According to the University Grants Commission circular No. 636 of 14 July 1995, results should be released within three months after the examination held. However, target dates to release the results to the examination had not been determined by some of the Faculties. Results had been delayed by period ranging from 01 to 04 months. Details are given below.

<u>Name of the Faculties</u>	<u>Type of Examination</u>	<u>Date of Examination Held</u>	<u>Date of Result Released</u>	<u>Period of Delay (in Months)</u>
Applied Science	Semester – I	20.05.2010	16.12.2010	04
Applied Science (special)	Semester – II	17.12.2010	26.04.2011	01
Arts and Culture 2 nd & 3 rd	Semester – I	11.06.2010	18.10.2011	01
Islamic Studies and Arabic Language (1 st , 2 nd and 3 rd years)	Semester – I	24.06.2010	01.11.2010	01
Management and Commerce (1 st , 2 nd and 3 rd year)	Semester – I	21.06.2010	21.12.2010	03
Management and Commerce (4 th year)	Semester – I	21.05.2010	19.10.2010	02

3.2.3 Delay in Project

A sum of Rs. 16,866,550 had been paid as fee for consultancy service during the year 2006 for the preparation of master plan of the University. However, no report on consultancy service had been obtained by the University even up to 31 July 2011.

3.2.4 Assets Management

Seven consumable items to the value of Rs. 391,688 had been allowed to idle for over 6 years.

3.2.5 Uneconomic Transactions

Following observations are made

- (a) A sum of Rs. 42,089 had been spent for advertisement published in more than one newspapers in the same language.
- (b) Out of the funds allocated to the Educational Development, expenditure totaling Rs.1,132,318 had been incurred during the year under review to provide meals and refreshments to the participants of the meetings and welfare gatherings without exercising control over expenditure.

3.2.6 Fruitless Expenditure

A Senior Lecturer – Grade – 1 at the Department of Arabic Language had been granted 36 months full pay leave and 3 months no pay leave to follow a PhD course in London. However, the College in which he had followed the course was not listed in any of the International Hand books or approved colleges by the UGC. Therefore, the course fees amounting to Rs. 265,520 and 36 months salary in this regard had become fruitless as the PhD was not recognized.

3.2.7 Unauthorized Transactions

- (a) A sum of Rs 620,694 had been paid to 4 Deans for the use of own vehicles to travel from residence to office without obtaining proper approval from the University Grants Commission.
- (b) A sum of Rs 324,890 had been paid during the year under review to the officers as honorarium without obtaining approval from the University Grants Commission.

3.2.8 Audit and Management Committee

An Audit and Management Committee had not been appointed during the year under review in terms of circular No IAI/2000/01 dated 12 June 2009 of the General Treasury.

3.2.9 Transaction in Contentious Nature

A person had been appointed as a member of the Governing Council of the University during 2010. He was also the Managing Director of a company which had been registered as a supplier to the University for the year 2010. Procurements aggregating Rs. 1,776,692 had been made by the university from that company during the year under review.

3.2.10 Budgetary Control

Significant variations were observed between the budgeted expenditure and actual expenditure, thus indicating that the Budget had not been made use of as an effective instrument of management control.

4. Systems and Controls

Deficiencies observed in systems and controls during the course of audit were brought to the notice of the Vice Chancellor of the University by my detailed report issued in terms of Section 13(7) (a) of the Finance Act No. 38 of 1971. Special attention is needed in respect of the following areas of control.

- (a) Fixed Assets
- (b) Maintenance of Inventory Register
- (c) Debtors and Creditors
- (d) Accounting
- (e) Advance Payments

dk
H. A. S. SAMARAWEERA
AUDITOR GENERAL

20. Answer to the Report of the Auditor General

SEU/VC/B/AG/2010

Your Ref: NE/AM/B/SEUSL/FA/2010

15th December 2011

Auditor General

Auditor General's Department

Colombo

Report of the Auditor General on the Financial Statement of the South Eastern University of Sri Lanka for the year ended 31 December 2010 in terms of Section 108(2) (2) of the University Act No. 16 of 1978

We refer to your above report dated 09th November 2011 and we give below our observation.

2.0 Financial statement

2.1 Opinion

Noted

2.2 Comments on Financial statement

2.2.1 Presenting of financial statement

Noted for future compliance

2.2.2 Accounting Deficiencies

- (a) Salary advance will be shown under advance in future
- (b) Although a physical verification had not been carried out during 2010, action has been taken to conduct this exercise for the year 2011.
- (c) We have obtained the services of the valuation department and a report has been received. Value of land will be taken in to the financial statement of the University in 2011.

- (d) Noted for future compliance and will be adjusted accordingly
- (e) Noted for future compliance

2.2.3 Accounts Receivables and payables.

- (a) Although debtors were requested to confirm their balances at the year end, only University employees responded by confirming their loan balances. Receivable aggregating to Rs. 11.2 Mn has been confirmed. Documents are available.

- (b) Unsettled loans and advances as at 31.12.2010

Present status of these loans and advances are given below. These outstanding balances belong to staff who are no more in service due to termination, resignation etc. Provident fund of these employees had not been refunded due to non-submission of banking details

Type of Loan	Amount	Status
Vehicle Loan	41,962.00	This is the remaining part of a loan paid to one staff member who was terminated. He has now been reinstated and therefore this outstanding balance will be recovered from his salaries.
Computer loan	65,000.00	Fully settled
Motor bicycle loan	58,261.00	Fully settled
Festival advance and Special loan	19,450.00	Out of this, Rs. 9,300.00 remains unsettled. Action has been taken to recover this balance from their Provident Fund when they submit banking details

Distress loan	825,569.00	Of this Rs. 57,889.92 is remaining unsettled. However out of this, Rs. 28,831.92 will be recovered from the salary of one employee who has been reinstated. Balance will be recovered at the time of refunding the Provident Fund when they submit banking details
Book purchase advance	29,278.00	Action will be taken to recover this advance
Salary advance	26,922.00	Of this Rs. 24,000.08 had been settled and the outstanding is Rs. 2,921.92. Action is being taken to recover this from Provident Fund when banking details submitted.

2.2.4 Lack of evidence for Audit

Building	430,039,676
Furniture	63,201,018
Books and Periodicals	88,828,582
Equipment	203,802,901
Accrued Expenses	1,736,713
Vehicle hire charge	615,690

Fixed Assets registers are available for Building, Furniture and Equipment. Accrued Expenses of Rs 1,736,713 is the last installment of Bursary/ Mahapola payments for the year under review. Schedules were made available for audit. Please refer our observation under para 2.2.2 (b)

2.2.5 Non-compliance with Laws, Rules Regulation and Management Decision

(a) Section 155 of the Inland Revenue Act.No.10 of 2006	This has now been rectified
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(b) Section 20.6 chapter x, Section 3.1 chapter xxvii	Noted for future compliance
(c) Establishment code of Democratic Socialist Republic of Sri Lanka section 1.4 of chapter xxx	Noted for future compliance
(d) Public Administration circular No. 45/91 & 9/2010	PA Circular No. 45/91 is now fully complied
(e) Financial Regulations	
569	Noted for future compliance
570	Noted for future compliance
571	Noted for future compliance
702(3)	Copies of contracts signed are now being sent to Auditor General
835	Noted for future compliance
1645	Noted for future compliance
1645	Noted for future compliance

2.2.6 Over Payment

Council at its 140th meeting decided to pay traveling charges at the prevailing approved rates to the Council Members and hence no hiring charges will be paid in the future

3.0 Financial and Operative Review

3.1 Financial Review

3.1.1 Financial results

Noted

3.2 Performance

3.2.1 Cost per student

Noted

3.2.2 Courses and Examinations

As there is a practice to send some examination questions and answer scripts for moderation and second marking respectively to second Examiner from other Universities, some time delay occurs in release in the results

3.2.3 Delay in Project

UGC initiated action to engage ARUP as consultant to the SEUSL Development project. ARUP was assigned the formulation of the Master plan. Preliminary master plan was handed over to the University. With the concurrence of the UGC, this assignment has now been entrusted to 'Uni Consultancy' of University of Moratuwa to review and update the existing preliminary master plan. This assignment is progressing.

3.2.4 Assets Management

As recommended by the Board of Survey team of the General Stores, action will be taken to auction / disposed of these consumables.

3.2.5 Uneconomic Transactions

(a) Advertisements were placed in more than one News paper for wider coverage

(b) This expenditure has been incurred with proper approval from the relevant approving authorities as and when the necessity arose.

3.2.6 Fruitless expenditure

- (a) University has treated this as “Violation of Bond” and instituted action against the said staff members

3.2.7 Unauthorized Transactions

- (a) This practice was adopted due to shortage of vehicles to provide transport to and from residence to four Deans, Registrar and Bursar. However this practice has now been discontinued
- (b) Noted. Now we have requested the approval of the UGC for payment of honorarium

3.2.8 Audit and Management Committee

With the appointment of an Assistant Internal Auditor, now the Audit and Management Committee is functioning. It had four meetings so far during 2011.

3.2.9 Transactions in Contentious Nature

This matter was raised when the COPE reviewed the performance of South Eastern University of Sri Lanka on 07th June 2011. Now the Company in question is no more a supplier and the individual under reference is no more a Council member.

3.2.10 Budgetary Control

Noted for future compliance

4.0 Systems and Control

Every effort will be made to improve the areas highlighted

Dr. SM. Mohamed Ismail

Vice Chancellor

Cc: The Secretary, Ministry of Finance and Planning
The Secretary, Ministry of Higher Education
Chairman, University Grants Commission