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சமுத்திர பல்கலைக்கழகம்
The Ocean University of Sri Lanka

2018

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வருடாந்த அறிக்கை
ANNUAL REPORT



திறனா සංවර්ධන හා වෘත්තීය පුහුණු අමාත්‍යාංශය
திறன்கள் அபிவிருத்தி மற்றும் தொழிற்பயிசி அமைச்சு
Ministry of Skills Development and Vocational Training



Annual Report and Accounts

Ocean University of Sri Lanka



2018

**Ministry of Skills Development and Vocational
Training**

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02. Vice-Chancellor's Message

It is a privilege to keep this Vice Chancellor's Message having probed into the pathway that the Ocean University of Sri Lanka took during the year 2018, also reminding that final year of the first tenure of Vice Chancellor is being marked right now.

The Higher Education and Vocational Training Division of the University is vested with a vital role in contributing our citizens as scientists, professionals and technicians with national and international expertise in maritime and marine sectors for the economic development of Sri Lanka. It is apparent through the statistics, which indicate the progress made by the Higher Education and Training Divisions during the year under review, that they have reached a relatively provable level. It seems that the free education opportunity without charging fees for the Ocean University of Sri Lanka, which was commenced in the year 2017, has benefited in gaining student attraction, gradually. The basis of stability of a university depends on the human and physical resources available to the admitted student community, and I would like to mention that we were able to temporarily provide such essential infrastructure facilities that have not been available to this date at the of Higher Education Division of the Ocean University of Sri Lanka on a rental basis, which were required by the senior officers of the Academic and Non-Academic Departments and for the betterment and development of the student community.

Similarly, I feel extremely happy that we were able not only to recruit lecturers for the permanent staff in the Department of Maritime Engineering, Department of Fisheries and Ocean Science, Department of Coastal and Marine Resource Management and the Department of Maritime Transportation Management & Logistics after getting approved a recruitment procedure for the recruitment of lecturers of the permanent staff, who are in short supply to the University, but also to send them to South Korea for their postgraduate studies having discussed with the KOICA Project and the ministry as most of them have to be equipped with a comprehensive experience in marine and maritime sectors. Similarly, I would like to further state that entering into a Memorandum of Understanding with the KOICA Project to provide permanent building facilities to the University is another victory that has been achieved in this year. Further, absorption of the staff served at the previously existed National Institute of Fisheries and Nautical Engineering and granting of university salary code to this staff as far as possible is another task achieved in this year.

Similarly, progress notes of the Administrative, Finance, and Audit sections clearly emphasize the contribution made administratively for maintaining a good financial control in obtaining a qualified opinion for final accounts, and proper auditing of existing control systems by the Audit Division and directions for the system to be robustly implemented.

When studying the level at which the university has become active in 2018, the importance of directing the quantitative development of all these sectors to a more effective path is evident from the fact that the provision of an effective and efficient public service has a great impact on the development role of a country.

I would also like to note that we are working towards to make 2019 a successful year for the Ocean University of Sri Lanka by carrying forward the positive features of all sectors having minimized the existing shortcomings and by providing appropriate solutions.

Thilak Dharmaratne

Vice Chancellor,

Ocean University of Sri Lanka

02. Board of Governors and Composition

15. Mr. Thilak Dharmaratne - Vice Chancellor, Ocean University of Sri Lanka
(Chairman of the Board of Governors)
16. Mr. P. Ranepura - Secretary,
Ministry of Skills Development and Vocational
Training
17. Mr. L.P Jayampathy - Secretary, Ministry of Ports and Shipping
18. Mrs. J.M.C.J. Wijetunga - State Secretary (Higher Education),
Ministry of Higher Education and Highways
05. Mr. Saliya Wickramasuriya - Member of the Board of Governors
06. Romesh M. Mr. David - Member of the Board of Governors
07. Dr. Asha de Voss - Member of the Board of Governors
08. Prof. Daya Edirisinghe - Chairman, National Aquatic Resources Research
and Development Agency
09. Dr. Shantha Kumara Gamlath - Member of the Board of Governors
10. Dr. Saranga Alahapperuma - Chairman, National Apprenticeship and
Industrial Training Authority
11. Ravi Jayawardena - Chairman, Vocational Training Authority
12. N.B.M. Ranatunga - Director General (Technology),
Ministry of Fisheries and Aquatic Resources
13. R.M. Mr. Wijesinghe Banda - Director, Department of Public Enterprises
Ministry of Finance
14. L. Mrs. Surekha Hewage - Senior Assistant Secretary,
Ministry of Science, Technology and Research

03. Academic Council and Composition

01. Mr. Thilak Dharmaratne (Chairman) - Vice Chancellor,
Ocean University of Sri Lanka
02. Mr. Hemantha Ratnayake (Secretary) - Registrar,
Ocean University of Sri Lanka
03. Dr. M.P. Kumara - Dean (Acting),
Tangalle, Ocean University of Sri Lanka
04. Mr. P.U.I. Perera - Director (Training),
Ocean University of Sri Lanka
05. Mr. H.K.R. Thushara - Senior Assistant Registrar,
Ocean University of Sri Lanka
06. Mr. M.F.M. Fairos - Senior Lecturer,
Ocean University of Sri Lanka
07. Dr. (Mrs) Champa Amarasiri -Consultant, Higher Education Division
Ocean University of Sri Lanka
08. Mrs. Nishanthi Perera -Consultant , Higher Education Division ,
Ocean University of Sri Lanka
09. Mrs. M.C.L. Zoysa - Lecturer (Probationary), Examination affairs,
Ocean University of Sri Lanka

04. Origin, evolution, objectives of the Ocean University of Sri Lanka

The Ocean University of Sri Lanka, which was established by the Act No. 31 of 2014, is playing the role of contributing to the development of the country to meet the manpower requirements of the fisheries, marine and maritime sectors of Sri Lanka by enhancing scientific, technological and management skills, and by providing knowledge.

The starting point of the journey towards the Ocean University Sri Lanka is marked in the Negombo area. It was initially established as the Negombo Fisheries Training Center in the year 1963, and after a gradual expansion with 06 Fisheries Training Centers in Tangalle, Batticaloa, Jaffna in 1972, in Mattakkuliya in 1975, and in Trincomalee in the 1993, it was established in the name of National Institute of Fisheries and Nautical Engineering in the year 1999 by the National Institute of Fisheries and Nautical Engineering Act, 20th December 1999 and two new Fisheries and Nautical Engineering Colleges were established in 2006 in Galle and in 2008 in Kalutara North. Likewise, the Vocational Training Division has been developed at 08 Regional Centers covering various regions of Sri Lanka, and the Higher Education Division comprising of two faculties together has become a pioneer in the task of developing trained human resources in the field of Sri Lankan fisheries sector.

With the launching of degree programs in the year 2001, the B.Sc. in Fisheries & Marine Science, B.Sc. in Marine Engineering, and B.SC in Vessel Building and Nautical Architecture were gazette in the year 2003 as government recognized degree programs.

Opening avenues for more undergraduate opportunities at Sri Lanka Ocean University for students who pass the Advanced Level in all disciplines, including Commerce and Arts, the B.Sc. in Maritime Transportation Management & Logistics was commenced in the year 2014, and the B.Sc. in Coastal and Marine Resources Management was commenced in the year 2015.

Abolishing the National Institute of Fisheries and Nautical Engineering Act of 1999, the Ocean University of Sri Lanka Act, No. 31 of 2014 was passed and with establishment of the Ocean University of Sri Lanka as a full-fledged university in 2015, more opportunities were opened for Sri Lankan students to pursue higher studies.

Vision

To be a leader of Human Resources Development in Fisheries and Marine Science and Maritime Sector in South Asia

Mission

To provide state-of-the-art training and education to meet the current and emerging needs in the Fisheries, Marine and Maritime Sectors.

Objectives of the University

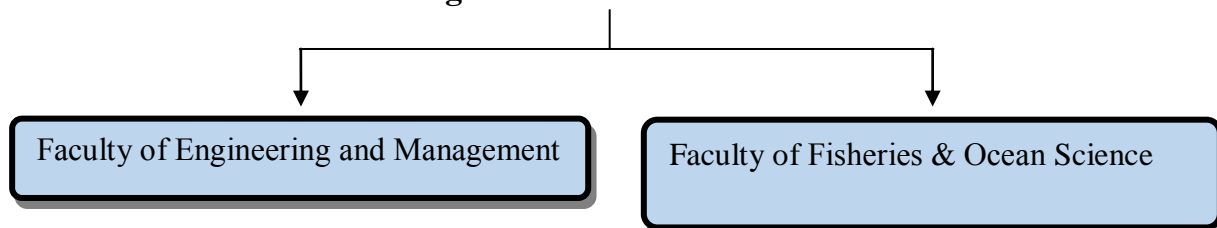
The objectives of establishing the university are cited in Part II of the Ocean University of Sri Lanka Act, No. 31 of 2014 as follows.

01. To provide university education in the fields of Fisheries, Ocean Sciences, Maritime Technology and allied fields.
02. To offer vocational and technical courses of study relating to fisheries and allied fields in order to cater to the manpower needs in any area.
03. To disseminate knowledge relating to fisheries, marine and maritime sectors among persons who are engaged in fisheries and allied fields.
04. To provide for extension courses for continuous professional development in the fields of Fisheries, Ocean Sciences, Maritime Technology and allied fields.
05. To provide vocational and technical courses for personnel in the fields of fisheries and allied fields for admission to the University.
06. To provide for the progressive development of students in the fields of engineering, scientific, technical and vocational education and training systems, based on their aptitude and ability to acquire a University education in the fields of Fisheries, Ocean Sciences, Maritime Technology and allied fields.
07. To provide courses of study for those who possess National Vocational Qualifications and assist them to upgrade their competency and acquire academic qualifications in the fields of fisheries, ocean sciences, maritime technology and allied fields.

05. Role, Service Contribution of the Ocean University of Sri Lanka

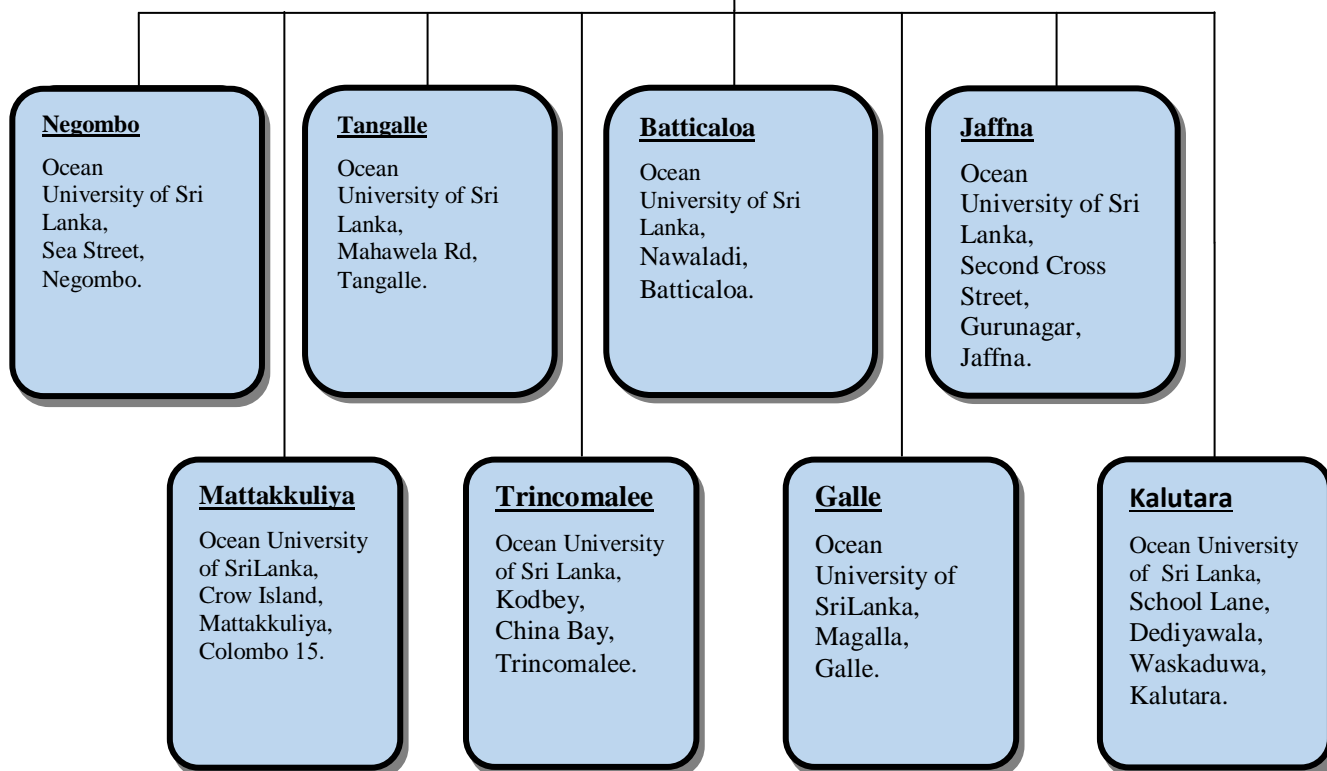
Ocean University of Sri Lanka operates in two divisions; Higher Education and Vocational Training. The contribution of the Higher Education Division, which consists with two faculties, and the Vocational Training Division, which includes 08 regional centers as pilot centers in the human resource development process, for the role of developing Sri Lanka is as follows.

Higher Education Division



Vocational Training Division

(Regional centers)



Service Contribution

The Ocean University of Sri Lanka considers the following groups as target groups of the institute in human resource development activities in fisheries, marine and maritime sectors.

- Those who are engaged in Fisheries, Marine Science and Marine Technology and allied fields
- Newcomers to Fisheries, Marine Science and Marine Technology and allied fields
- who are expecting to enter the Fisheries, Marine Science and Marine Technology and allied fields
- Academic staff and instructors who are teaching Fisheries, Marine Science and Marine Technology subjects

06. Higher Education Division

The four B.Sc. degree programs of Fisheries & Marine Science, Marine Engineering, Coastal and Marine Resources Management, and Maritime Transportation Management & Logistics are conducted by the Higher Education Division of the Ocean University. The degree program in Fisheries & Marine Science is conducted at the Faculty of Fisheries & Marine Science in Tangalle, and other degree programs are conducted at the Faculty of Engineering and management in Mattakkuliya. The degree programs offered by the university from the year 2017 onwards have been exempted from charging fees. Admission to the B.Sc. in Marine Engineering and B.Sc. in Fisheries & Marine Science is done based on Z-score while admission to the B.Sc. in Maritime Transportation Management & Logistics and B.Sc. in Coastal and Marine Resources Management is done based on the results of the Aptitude Test.

Table – No.01: Annual Student Enrollment

B.Sc. degree program	Student No.						
	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019
Marine Engineering (B.Sc. degree: 04 years)	42	40	27	26	40	31	37
Fisheries & Marine Science (B.Sc. degree: 03years)	27	27	12	43	27	24	41
Maritime Transportation Management & Logistics (B.Sc. degree: 03 years)	No enroll ments	40	30	30	47	41	53
Coastal and Marine Resources Management (B.Sc. degree: 03years)	No enroll ments	No enroll ments	17	12	40	31	45

Annual Student enrollment

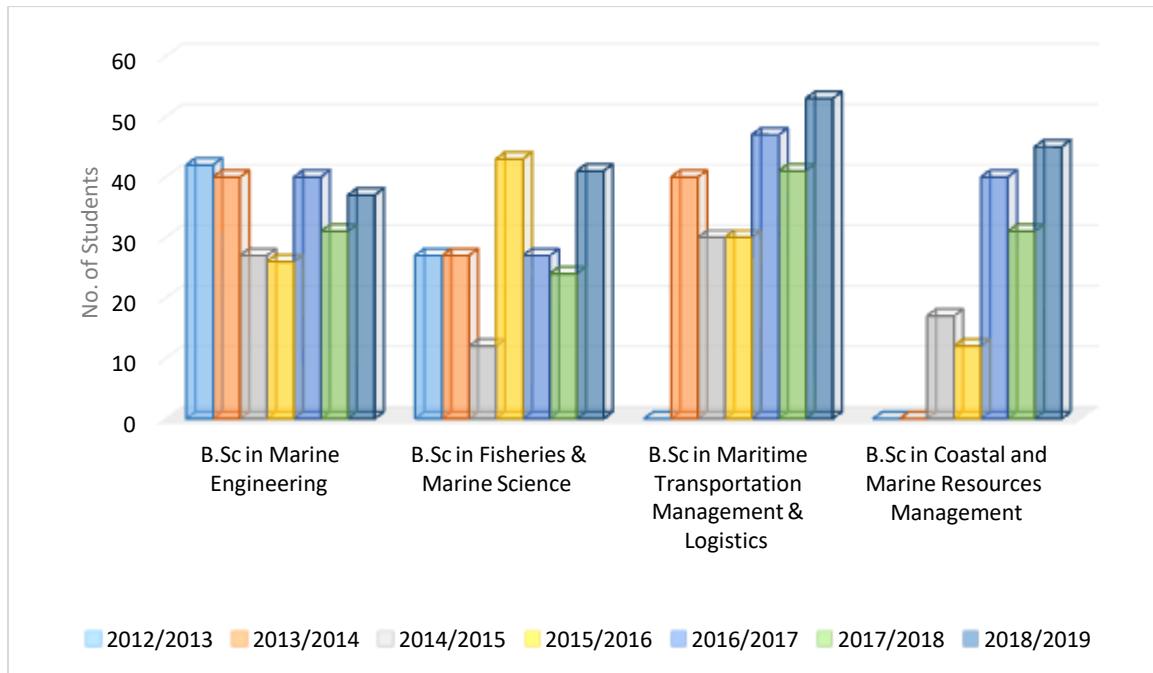


Table- No. 2 No. of students pursuing Special Degree

Special Degree	No. of Students
Coastal and Marine Resources Management Special Degree	04

Table No.- 3 No. of Students who have completed the degree in the year 2018

Degree	No. of Students
Fisheries & Marine Science (B.Sc. degree)	49
Marine Engineering (B.Sc. degree)	56

Table No.4 - Permanent Staff at the Faculty of Fisheries & Marine Science of the Ocean University of Sri Lanka

Senior Lecturers

1. Dr. M. P. Kumara - B.Sc (Hons), (Ruhuna, SL),Ph.D (Edinburgh Napier,UK)
2. Dr. M. F. M.Firos- B.Sc, (M.Phil,Ruhuna, Sri Lanka)D.Sc(Shizuoka, Japan)

Lecturers

1. Mr. T.W.SWarnasuriya-B.Sc,(Hons) (Ruhuna, Sri Lanka),M.Sc (Colombo,Sri Lanka)
2. Mr.N. P. G. Pushpitha- B.Sc, Mphil (Ruhuna, SL)
3. Dr. Lanka Wickramasinghe- B.Sc.(Hons) (Ruhuna, SL), M.Sc (Vrije, Belgium)
4. Mrs. S. N. Dushani- B.Sc. (Hons) (Ruhuna,SL),M.Sc (Tromso, Norway)
5. Mrs. B.A. N. Indika- B.Sc. (Hons)(Ruhuna, SL), M.Sc (Reading)
6. Mr. W.A.A.U.Kumara- B.Sc. (Hons),(Ruhuna SL) , M.Sc (James Cook , Australia)
7. Mrs. Erandi Pathirana- B.Sc. (Peradeniya, Sri Lanka), M.Sc (Osaka, Japan),
DCSD (NIBM, Sri Lanka)
8. Mrs. M. I. U.Manikkarachchi- B.Sc. (Hons)Ruhuna, Sri Lanka)
9. Mr. M.T.G. Rathnasuriya- B.Sc.(Hons) Ruhuna,SL, M.Sc.(Pahyong National University
Korea)
20. Mr. W.A. Shiran Chamika- B.Sc. (Hons), Ocean University ,Sri Lanka)

Table 5 - Permanent staff of the Faculty of Engineering and Management, Ocean University of Sri Lanka

B.Sc. in Marine Engineering Special Degree

Lecturers

1. Mr. P.D.D. Harshapriya -B.Sc. in Ocean University of Sri Lanka
- 2.Mr. A.H.S.I.Weerakoon -B.Sc. in Ocean University of Sri Lanka
- 3.Mr. Ashiq Rasool-B.Sc. (Ruhuna, SriLanka) M.Sc. (Agder, Norway)

B.Sc. in Coastal and Marine Resources Management

Lecturers

1. Miss E.A.K.K. Amarasekera- B.Sc. in Fisheries and Marine Sciences (Ocean University, Sri Lanka), M.Sc. in Aquaculture & Fisheries Management (Kelaniya, Sri Lanka).
2. Mrs. M.C.L.Zoysa- B.Sc. in Fisheries Science (National Institute of Fisheries & Nautical Engineering, Sri Lanka) ,M.Sc. in Aquaculture and Fisheries Management at (Kelaniya, Sri Lanka).
3. Mrs. P.A.S.A. Ratna Sri-B.Sc. in (Special) in Aquatic Science (Sri Jayawardanapura, Sri Lanka).
4. Mrs. H.A.P.S.Jayapala - B.Sc. in Degree (Open University Sri Lanka), M.Sc. in Fisheries & Aquatic Resources Management (Sri Jayawardanapura, Sri Lanka).
5. Mrs.A. Arulnayagam- B.Sc. (Special) in Environmental Science Vauniya Campus of the (University of Jaffna), M.Sc. in Environmental Science (Peradeniya, Sri Lanka). (Reading)

Have contributed as lecturers for the B.Sc. in Coastal and Marine Resources Management

Senior lecturers

1. Dr. H.B. Jayasiri. B.Sc. in Biological Science (Ruhuna, Sri Lanka) M.Sc. (Gothenburg, Sweden), Ph.D. (CIFE, Mumbai, India)
2. Dr. J.K. Rajapaksa. B.Sc. in Physical Science (Peradeniya, Sri Lanka) M.Sc. (Gothenburg, Sweden), Ph.D. (Peradeniya, Sri Lanka)
3. Mr. S.U.G.Jinadasa. B.Sc. in Special in Geology (Peradeniya, Sri Lanka), (Mphil) Applied Geophysics (Open University Sri Lanka)

B.Sc. in Maritime Transportation Management & Logistics

Lecturers

1. Mrs. D.C. Manage-B.Sc. (Hons.) in Transport & Logistics Management (Moratuwa, Sri Lanka), MBA in Management & Finance (Reading).
2. Miss H.D.M.M. Pussella - B.Sc. (Hons.) in Business Administration (Peradeniya, Sri Lanka).
3. Mr. T.G.G.N Asantha de Alwis - B.Sc. (Hons.) in Transportation & Logistics Management (Moratuwa, Sri Lanka).

Progress

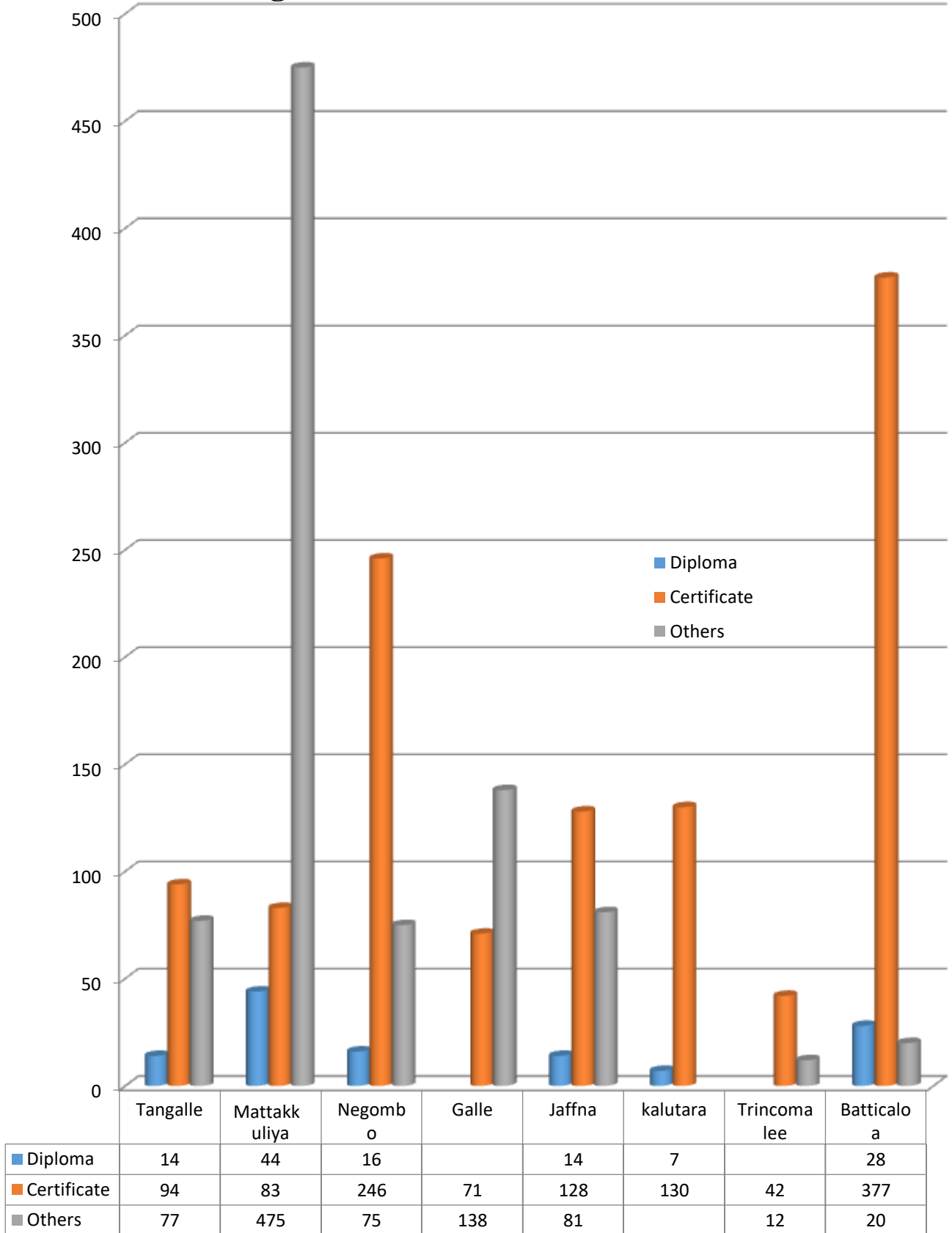
- Student enrollment during the year was very high compared to previous years due to the exemption of course fees, and the enrollment for pursuing the SpecialDegree has also increased.
- Government policies for promoting free education have been successfully implemented due to the enrollment of students on Z-Score.
- Nearly 25 student research papers representing Ocean University were presented during the year for various scientific workshops held in Sri Lanka.
- The Faculty of Naval Engineering and Management was relocated to a new building hired on lease basis.
- Facilitated the filing of student enrollment information by facilitating the downloading of applications using the Internet.
- It has been planned to launch a new degree program in Marine Science when admitting students for the year 2019.
- Permanent lecturers were recruited for the vacant lecturer posts.
- Construction of a computer lab for the academic activities of the students at the Faculty of Fisheries and Marine Science has been commenced. The subjects of Remote Sensing & Geographical information System are to be taught through this computer lab.
- Necessary steps have been identified to develop and update the degree curriculum to suit the current job market.
- Infrastructure development for the improvement of lecture halls, laboratories and library facilities, which are required for conducting degree programs, and provision of necessary equipment and books were carried out during the year.
- Providing facilities to students for subject related practical activities through the establishment of a Fisheries Anatomy Unit at the Faculty of Fisheries and Marine Science.

07. Training Division

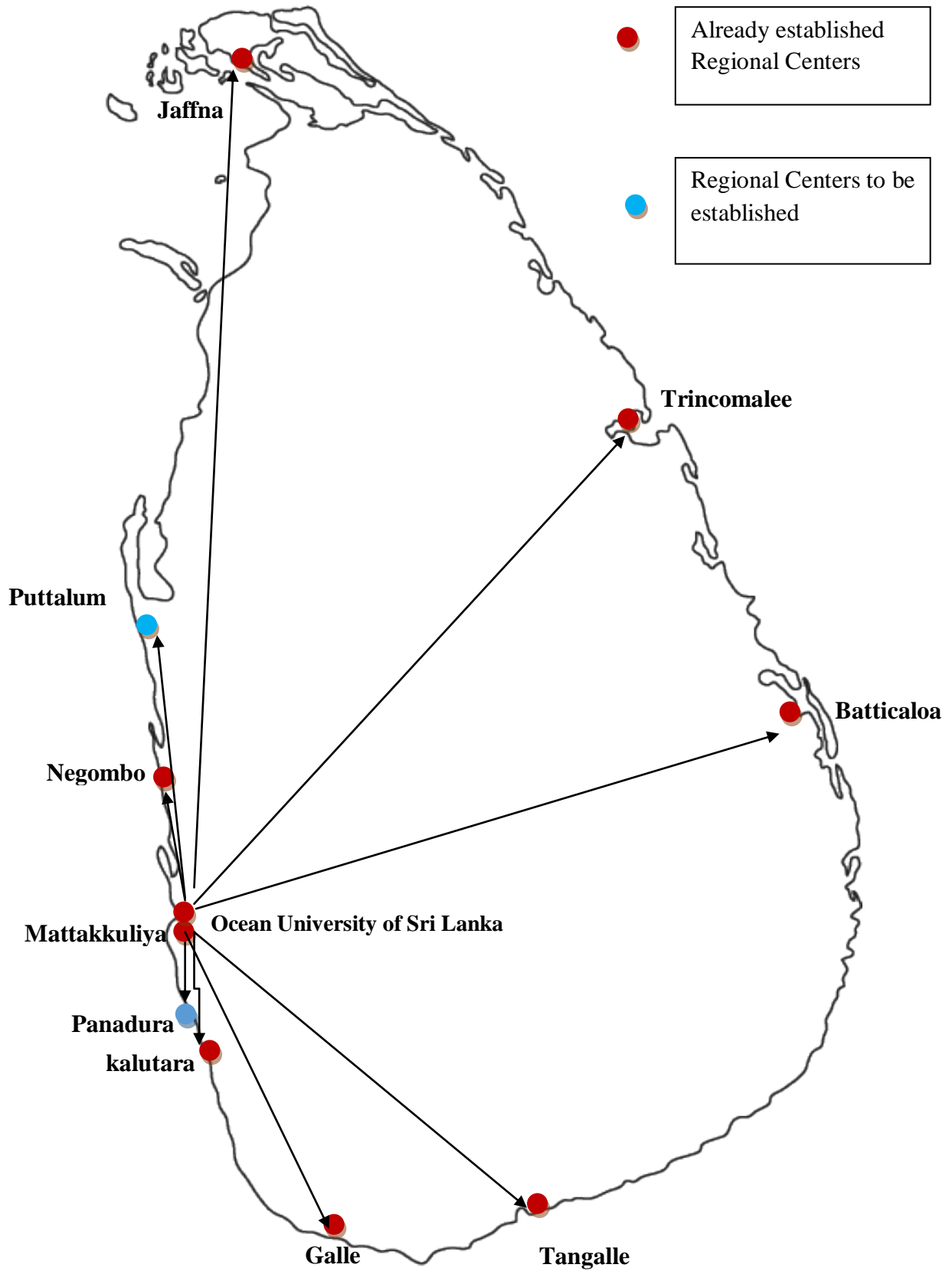
Student participation in the courses conducted in 08 Regional Centers of the Ocean University of Sri Lanka during the year 2018

Regional Center	Course	No. of Students
Tangalle	Diploma	14
	Certificate	94
	Others	77
Mattakkuliya	Diploma	44
	Certificate	83
	Others	475
Negombo	Diploma	16
	Certificate	246
	Others	75
Galle	Diploma	-
	Certificate	71
	Others	138
Jaffna	Diploma	14
	Certificate	128
	Others	81
Kalutara	Diploma	07
	Certificate	130
	Others	-
Trincomalee	Diploma	-
	Certificate	42
	Others	12
Batticaloa	Diploma	28
	Certificate	377
	Others	20

Regional Centers - Student Information



Regional Centers Implemented under the Ocean University of Sri Lanka



The achievements of the Vocational Training Division in the year 2018 are as follows.

- ❖ Land was obtained from Panadura city to construct buildings under permanent basis instead of the Kalutara Regional Center, which is being maintained on lease basis, and construction of a four storied building was commenced in 2017 at a cost of Rs. 124 million under the provisions of the Skills Sector Development Project and 75% of the work has been completed by the end of 2018.

- ❖ Commencement of the renovation of buildings in Boossa area, which have been received by the University to be used instead of the Galle Regional Center which is being run on a rental basis without a permanent building premises.

- ❖ Assignment of students for job training institutes by regional centers on completion of the courses.

- ❖ Implementation of a Management Information System (MIS) for obtaining information from all 08 Regional Centers under the provisions of the Skills Sector Development Project.

- ❖ To take action to provide an effective service to the trainees with proper management through the Introduction and implementation of a Quality Management Systems (QMS) for Centers.

- ❖ Providing of fishing vessel operating training to 953 multi-day fishing vessel operators island wide.

Measures taken to enhance student participation in the Vocational Training Division

- ❖ To make the fishing community aware regarding the courses and to provide opportunities for children from fishing community to follow courses.

- ❖ Taking action to increase student enrollment for courses through publishing detailed information about courses through newspaper advertisements to educate service seekers throughout the island.

- ❖ Implementing awareness programs by Regional Centers for students and teachers in public schools of their respective areas.

08. Administration Division

Progress of Sub-Divisions Functioned under the Administration Division:

➤ Human Resources Division

The Human Resource Development Division of the University manages the staff with a proper discipline system while directing them to the required training courses with a view of achieving the vision and mission of the University and producing a productive and efficient staff.

01. Making recruitments to the post of Lecturer required by the Ocean University of Sri Lanka
02. Preparing of the proposal relevant for the absorption of non-absorbed staff to the Ocean University of Sri Lanka and submission of it to the Department of Management Services.
03. Taking necessary action to increase the capacity of employees.
04. Training of staff for training requirements.
05. Directing staff for overseas training.

Accordingly, the staff from 01.01.2018 to 30.12.2018 can be denoted as follows.

Employees		01.01.2018 -30.12.2018		
		Male	Female	Total
1. Senior Level				
	Permanent (including officers subject to probation)	34	17	51
	Contract basis	1	2	3
	Casual	0	0	0
	<i>Total (1)</i>	35	19	54
2. Tertiary Level				
	Permanent (including officers subject to probation)	16	4	20
	Contract basis	16	10	26
	Casual	0	0	0
	<i>Total (2)</i>	32	14	46
3. Secondary Level				
	Permanent (including officers subject to probation)	24	31	55
	Contract basis	0	0	0
	Casual	0	0	0
	<i>Total(3)</i>	24	31	55
4. Primary Level				
	Permanent (including officers subject to probation)	68	09	77
	Contract basis	02	00	02
	Casual	01	00	01
	<i>Total (4)</i>	71	09	80
Total No. of Employees (1)+(2)+(3)+(4)		162	73	235

➤ **Transport Division**

02. The following 06 vehicles, which were in a condemned condition, were disposed of during the year.

Location	Type of the motor vehicle	Vehicle No.
Head Office	Car	17-3404
	Bus	29-5408
	Motor bike	126-6727
Batticaloa Regional Office	Cab	50-6189
	Bus	29-5410
	Motor bike	GL-0361

- During the year, necessary steps were taken up to the final stage to dispose of two condemned vehicles of Tangalle Regional Center.

Type of the motor vehicle	Vehicle No.
Bus	29-5407
Motor Bike	126-6057

- Preliminary steps were commenced for disposal of following 02 vehicles which were owned by the Head Office.

Type of the motor vehicle	Vehicle No.
Jeep	64 - 5796
Lorry	42- 1677

- Repairing of the bus NB 4255, which is belonging to the head office vehicle pool.

09. Internal Audit Division

Vision of the Internal Audit Division

Contribute to the meaningfulness of good governance by maintaining a continuous and independent evaluation on existing internal control systems in financial activities, governance and development activities, and by making recommendations for remedial measures having participated in the said process.

Role of the Internal Audit Division

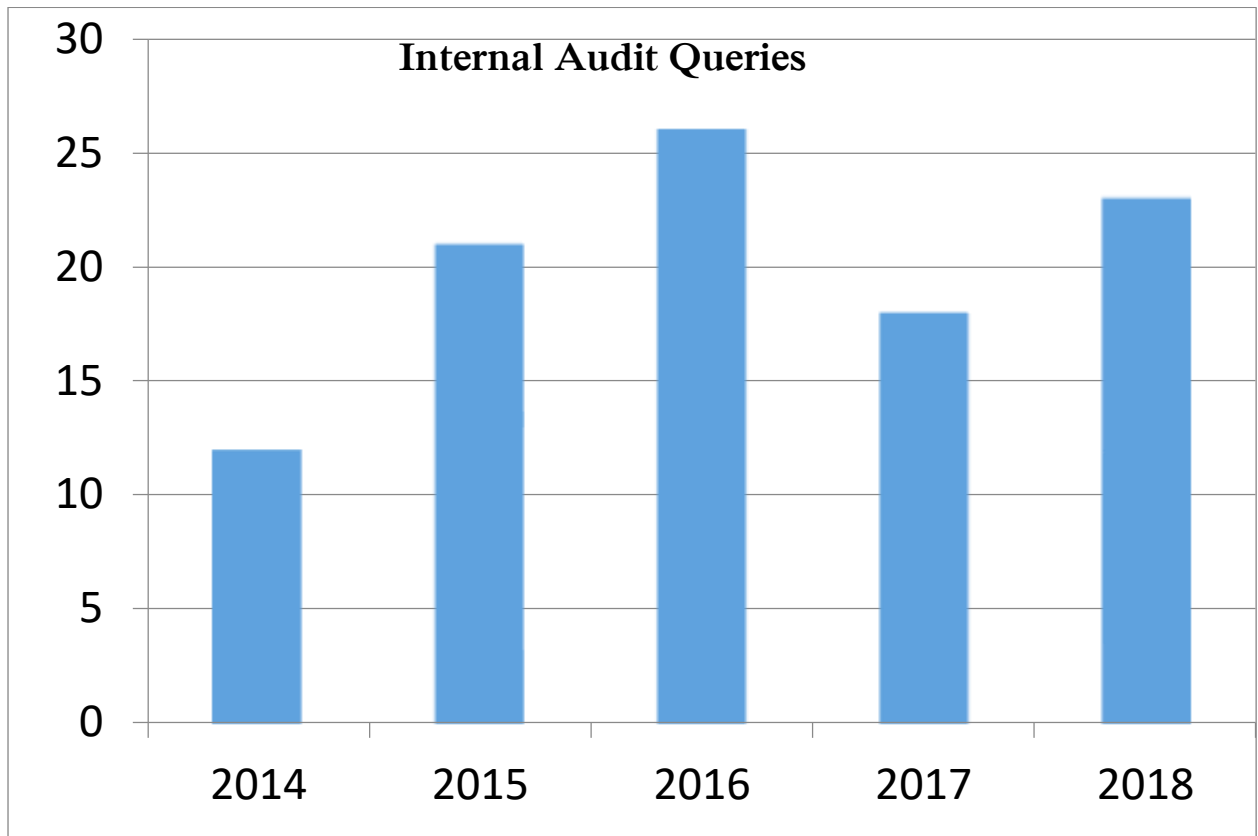
- To find out whether the activities of the internal control system are successful.
- To investigate whether required information is provided to make accurate financial statements.
- To find out whether the staff is performing the assigned tasks.
- To find out whether the security of the assets is guaranteed.
- To find out whether the rules, regulations and procedures are followed.
- To find out whether there are control systems to prevent waste, corruption and unnecessary spending.
- To inquire whether assets are being used economically.
- Conducting of special investigations.
- To examine operational activities from a management perspective.
- To inquire regarding target factors.

The Internal Audit Division also conducts audit and investigation duties covering all other colleges in the country and guides the financial and administrative activities of the institution towards the right direction.

Progress of the Audit Division

- Implementation within the internal audit work plan.
- Compilation of 23 internal audit queries and coordination of its progress.
- Conducting of Audit Management Committees and reviewing the actions taken by the institute.

Internal Audit Queries



10. Final Accounts

Ocean University of Sri Lanka Statement OF Financial Position As at 31st December 2018

	<u>Note</u>	<u>2018</u>		<u>2017</u>
ASSETS				
Non-Current Assets		Rs.		Rs.
Property, plant & Equipment	9	<u>592,759,143</u>		<u>525,409,154</u>
		592,759,143		525,409,154
Current Assets				
Staff Loan	10	12,540,685		12,008,231
Inventories	11	1,799,717		1,024,689
Trade & Trade & another receivable	12	77,829,168		63,306,415
Suspense		85,433		85,433
Cash & cash equivalents	14	<u>15,749,150</u>	108,004,153	<u>3,262,800</u>
				79,687,568
Total Assets			700,763,296	605,096,722
EQUILITY & LIABILITIES				
Capital & Reserves				
Accumulated Funds	15	830,564,132		749,318,173
Accumulated Funds SSDP	15.1	201,422,283		166,331,014
Accumulated Excess/(Deficits)	16	<u>(445,391,295)</u>		<u>(435,126,654)</u>
			586,595,120	480,522,533
Non-Current Liabilities				
Deferred Income				
Provision for Gratuity		<u>45,331,680</u>		<u>33,775,589</u>
			45,331,680	33,775,589
Current Liabilities				
Accrued Expenses	17	55,834,256		87,206,982
Payables	18	<u>13,002,239</u>		<u>3,591,619</u>
			68,836,495	90,798,601
Total Liabilities			<u>700,763,296</u>	<u>605,096,723</u>


Hemantha Ratnayake
 MBA (PIM) MA (U O F C) BA (Def Studies) psc
Registrar
 Ocean University of Sri Lanka
 Crow Island, Colombo 15,
 Sri Lanka.

OCEAN UNIVERSITY OF SRI LANKA

INDIRECT METHOD CASHFLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR PERIOD ENDED

31st DECEMBER 2018

	<u>31/12/2018</u>	<u>31/12/2017</u>
	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before Taxation	(5,016,544)	21,768,782
ADJUSTMENTS FOR		
Grants - Adjustments	38,495,591	
Gratuity Provisions	12,294,349.00	
	59,520,686	
Depreciation		47,915,337
Prior year Adjustments	23,324,267	(47,915,337)
Amortization	<u>(59,520,686)</u>	<u>9,723,439</u>
	69,097,663	31,492,221
Operating profit before working capital changes		
(Increase)/Decrease in inventories	(775,028)	63,473
(Increase)/Decrease in Trade & other Receivables	(15,055,206)	(38,814,007)
		(38,814,007)
Increase /(Decrease) in Trade & other Payables	(21,962,106)	39,494,816
	(37,792,341)	744,282
Cash Generated from Operative Activities		
Gratuity Paid	(738,258)	(12,306,808)
Net cash Flows from Operative Activities	<u>30,567,064</u>	<u>19,929,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant & Equipment	(155,443,039)	(135,872,524)
Net cash Flows from Investing Activities	(155,443,039)	(135,872,524)
ASHFLOWS FROM FINANCIAL ACTIVITY		
Capital Grant	109,000,000	52,750,000
Capital Grant (SSDP)	28,362,319	34,358,174
Net Cash Flow from Financial Activity	137,362,319	87,108,174
Net Increase /(Decrease) in Cash and Cash Equivalent	12,486,344	(28,834,655)
Cash & Cash Equivalent at Beginning of the Period	3,262,800	32,097,454
Cash & Cash Equivalent at End of the Period	<u>15,749,150</u>	<u>3,262,799</u>

OCEAN UNIVERSITY OF SRI LANKA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

Rs.

	Government Contribution	SSDP Grant	Accumulated Excess (Deficits)	Total
Balance as at 01 January 2017	736,621,992	139,834,358	(466,618,875)	409,837,475
Profit for the year			21,768,782	21,768,782
Capital Grant Received During the year	52,750,000	34,358,175		87,108,175
Prior year adjustment			9,723,439	9,723,439
Differed Income	(40,053,819)	(7,861,518)		(47,915,337)
Balance as at 31 December 2017	749,318,173	166,331,014	(435,126,654)	480,522,533
Profit for the year			(5,016,544)	(5,016,544)
Actual (Losses) / Gains on Employees Benefits			-	-
Prior year adjustment			(5,248,097)	5,248,097)
Capital Grant Received During the year	115,584,250	39,698,660		155,282,910
Differed Income	(54,913,291)	(4,607,391)		(59,520,683)
Balance as at 31 December 2018	809,989,132	201,422,283	(445,391,296)	566,020,120

Ocean University of Sri Lanka

Statement of Financial Performance for the Year Ended 31st December 2018

	<u>Note</u>	2018 Rs.	2017 Rs.
Operating Revenue			
Government Grant	1	309,048,000	247,161,000.00
Other Income		11,575,725	17,775,768.84
SSDP-Recurrent Grant		5,260,073	4,753,879.18
Operating Revenue		<hr/> 325,883,797	<hr/> 269,690,648.02
Differed Income from Amortization		59,520,683	47,915,337.22
		<hr/> 385,404,480	<hr/> 317,605,985.24
Operating Expenses			
Personal Emoluments	2	223,470,891	164,334,233.19
Travelling	3	2,733,151	2,402,417.77
Supplies & consumable used	4	8,946,878	7,437,971.08
Maintenance	5	5,127,480	3,665,947.16
Contractual Services	6	67,556,151	40,955,931.50
Training Expenses	7	19,709,580	25,142,113.79
Others	8	3,356,208	3,983,251.65
Depreciation	9	59,520,686	47,915,337.22
Total Expenditure		<hr/> 390,421,024	<hr/> 295,837,203.36
Net Surplus/(Deficit) for the period		<hr/> (5,016,544) <hr/>	<hr/> 21,768,781.88 <hr/>

Ocean University of Sri Lanka

Notes to the Account

		(Rs)	
Note 1	Income	2018	2017
	Distress Loan Interest	447,735	340,468
	Sundry Income	5,377,430	1,304,285
	<u>Course Fee Income</u>		
	Higher Education	1,189,350	1,056,985
	Colleges	4,216,632	14,569,759
	Hostel & House Rent Income	344,578	504,271
		11,575,725	17,775,769
		11,575,725	17,775,769
Note 2	Personal Emoluments		
	Salaries & Wages	96,794,028	58,962,298
	E.P. F	14,915,202	18,384,575
	E.T. F	3,635,044	4,115,123
	Other Allowance	76,052,977	67,072,938
	Overtime	6,237,748	3,509,752
	Provision for Gratuity	12,294,349	-
	SSDP -Performance base allowance	-	432,520
	Visiting Lecture Fees	13,541,544	11,857,026
		223,470,891	164,334,233
		223,470,891	164,334,233
Note 3	Travelling Expenses		
	Domestic	2,065,289	1,597,442
	Foreign	667,862	804,975
		2,733,151	2,402,418
		2,733,151	2,402,418
Note4	Supplies		
	Stationery & office requisites	4,891,849	3,905,873
	Fuel & Lubricants for Vehicles	3,587,865	3,107,871
	Cleaning & Other material	93,568	70,628
	Medical Supplies	373,597	353,600
		8,946,878	7,437,971
		8,946,878	7,437,971
Note4.1	Stationery & office requisites		
	Opening Balance	1,024,689	1,088,162
	Add: Purchases During the Year	5,666,876	3,842,400
	Less: Closing Balance	(1,799,717)	(1,024,689)
	Consumed During the year	4,891,849	3,905,873
Note 5	Maintenances Expenditure		
	Vehicles	2,688,408	1,625,671
	Buildings & Structures	979,917	929,818
	Machinery	152,269	263,030
	Boat & Vessel		18,021
	Office Equipment	1,306,887	829,408
		5,127,480	3,665,947
		5,127,480	3,665,947

Note 6	Contractual Services		
	Telecommunication	6,583,256	7,525,717
	Postal Charges	263,670	260,989
	Transport	1,919,156	1,420,864
	Electricity	6,746,526	5,547,657
	Water	2,296,599	2,688,640
	Rent & Local Taxes	24,348,087	7,836,259
	Others	2,096,271	59,795
	Security Charges	14,076,633	9,543,139
	Janitorial Service	7,805,493	6,072,873
	Audit Fees	1,420,460	
		<u>67,556,151</u>	<u>40,955,932</u>
Note 7	Training		
	Training Materials		
	C. T .C. Colleges	8,646,297	11,475,409
	C.T.C. University	4,915,817	7,584,582
	Project expenses		
	Capacity Building	887,393	1,760,763
	SSDP-Recurrent Expenditure	5,260,073	4,321,359
		<u>19,709,580</u>	<u>25,142,114</u>
Note 8	Others		
	staff welfare	1,389,311	1,244,746
	Entertainment	1,218,787	1,375,797
	Board Member Fees	450,677	772,594
	Bank Charges	36,534	35,705
	Consultancy	188,523	193,485
	Legal & Other Allowance	52,583	291,360
	Daits& Uniform	19,794	26,035
	NARA Transport	-	43,530
		<u>3,356,208</u>	<u>3,983,252</u>

Note - 09 - Property Plant & Equipment

Description		Cost as at 01.01.2018	Acquisition/ (Disposals) During the Year	Depreciation for the Year	Accumulated Depreciation 31.12.2018	Balance as at 31.12.2018
Land & Land Improvement	2105	7,939,174.75		793,917.48	2,932,277.36	5,006,897.39
Rehabilitation of Building	2001/01	131,931,892.58	8,536,132.48	6,615,638.82	66,165,048.70	74,302,976.36
Infrastructure - Negombo Jetty	2001/02	379,687.57		18,984.38	341,718.44	37,969.13
Acq- Plant & Machinery	2103	104,541,333.72		10,454,133.37	60,995,726.17	43,545,607.55
Acq- Building	2104	173,820,977.04	10,145,339.90	8,691,048.85	30,210,202.38	153,756,114.56
Rehabilitation of Boat & Vessels	2005/02	11,832,028.02		1,183,202.80	10,705,468.77	1,126,559.25
Fishing Gear Equipment	2107/02	37,273,126.17		3,727,312.62	29,912,591.53	7,360,534.64
Furniture & Fittings	2102	62,321,864.50	40,420,014.99	6,754,307.88	33,983,878.34	68,758,001.15
Name Boards	2106/02	969,114.80	490,000.00	105,078.15	795,109.29	664,005.51
Library Books	2107/03	19,786,095.14	6,220,950.24	1,989,449.56	10,723,140.65	15,283,904.73
Other Assets	2106/00	8,130,933.72	136,340.00	813,093.37	1,949,274.35	6,317,999.37
Rehabilitation of Vehicles	2003	21,921,296.27	792,674.34	4,125,326.32	22,713,969.61	1.00
Computers	2103/03	31,211,625.93			31,211,624.93	1.00
Acq - Vehicle	2101	15,214,453.02	27,159,250.00	1,131,635.42	16,346,087.44	26,027,615.58
Laboratory Equipment's	2107/04	9,728,427.82		972,842.78	8,531,817.74	1,196,610.08
Rehabilitation of office Equipment's	2004/00	2,750,514.17	200,693.15	285,086.07	928,954.12	2,022,253.20
Rehabilitation of Plant & Machinery	2002	2,715,688.56		271,568.86	1,896,061.30	819,627.26
Acq-Training Equipment's	2107	64,255,800.27	646,389.85	6,439,692.92	21,464,123.60	43,438,066.52
Rehabilitation of Training Equipment's	2005/00	8,849,670.43		884,967.04	2,971,014.34	5,878,656.09
Negombo Hostel	2104/02	37,436,137.51		1,871,806.88	6,551,324.08	30,884,813.43
Chairman Office building	2104/03	20,185,385.00		1,009,269.25	3,027,807.75	17,157,577.25
Jaffna Building	2104/03	27,646,398.62		1,382,319.93	4,953,313.08	22,693,085.54
Sub Total	(A)	800,841,625.61	94,747,784.95	59,520,685.75	369,310,533.97	526,278,876.59

Note - 09.01 Working Progress

Description		Cost as at 01.01.2018	Acquisition/(Di sposals)During the Year	Depreciation for the Year	Accumulated Depreciation 31.12.2018	Balance as at 31.12.2018
Ocean University regional center building -Panadura 2104-5		34,357,376.61	20,080,351.94			54,437,728.55
Working progress boossa building-2104-6			12,042,537.60			12,042,537.60
Sub Total	(B)	34,357,376.61	32,122,889.54			66,480,266.15
Total	(A) + (B)	835,199,002.22	126,870,674.49		369,310,533.97	592,759,142.74

Note	Staff Loan		
	Distress Loan	12,206,667	11,665,463
10	Festival Advance	141,804	150,554
	Book Loan	750	750
	tsunami loan	191,464	191,464
		<u>12,540,685</u>	<u>12,008,231</u>
Note			
11	Stocks at 31/12/2018		
	stationery	1,799,717	1,024,689
		<u>1,799,717</u>	<u>1,024,689</u>
Note			
12	Receivables		
	Refundable Deposits (Electricity NARA)	218,750	218,750
	Refundable Deposits (Vehicle Rent)	47,000	47,000
	Advances	3,742,168	3,760,668
	Deposits (Hostel Deposits)	1,708,500	1,708,500
	Course Fees Receivable-University	15,092,123	15,754,623
	Salary Advance	116,500	121,500
	Hostel fees-Receivable	2,892,804	3,325,054
	NARA	930,593	930,593
	Refundable Hostel Fees	110,000	<u>110,000</u>
	Travelling Advanced	15,000	15,000
	Ceylon Oxygen (Pvt)ltd	18,635	18,635
	Refundable Tender Deposits		
	NARA Refundable	180,000	180,000
	Nara Transport	62,702	67,248
	Refundable Deposit	126,920	291,260
	Hostel Deposit	400,000	400,000
	Building Deposit - Receivable	18,400,000	27,600,000
	Receivables	-	<u>456,731</u>
	Welfare	10,500	500
	Payable to creditor	-	8,153,444
	Funds Receivable From SSDP	12,862,508	146,910
	Advances for Boossa Building	2,053,364	-
	Advanced Payments for Panadura	18,841,101	-
		<u>77,829,168</u>	<u>63,306,415</u>
Note			
13	Equity changes statement		
Note			
14	Cash & cash Equivalents		
	Cash at Bank- Peoples Bank-9868	13,184,971	1,242,478
	Cash at Bank- Peoples Bank-9909	2,564,179	2,020,322
		<u>15,749,150</u>	<u>3,262,800</u>
Note			
15	Accumulated Fund		
	Opening Balance	749,318,173	736,621,992
	Add: Government Contribution	109,000,000	52,750,000

	Grants Received from Treasury	20,575,000	
	Amortization amount Declared from Grant	(54,913,291)	(40,053,819)
	Closing Balance	823,979,882	749,318,173
	Grant received from other Institute	6,584,250	
Note 15.1	Total Grant	<u>830,564,132</u>	
	Opening Balance	166,331,014	139,834,358
	SSDP-Accumulated Fund	39,698,660	34,358,175
	Amortization amount Declared from Grant	(4,607,391)	(7,861,518)
	Closing Balance	<u>201,422,283</u>	<u>166,331,014</u>
Note 16	Accumulated Surplus/(Deficits)		
	Opening Balance (Deficits) During the year	(435,126,654)	(466,618,875)
	Add: Surplus /(Deficits)	(5,016,544)	21,768,782
	Prior year adjustment	(5,248,097)	9,723,439
	Closing Balance	<u>(445,391,295)</u>	<u>(435,126,654)</u>
Note 17	Accrued Expenses		
	Accrued Expenses from the 2017	30,353,021	5,989,432
	Accrued Expenses for the 2018	25,481,234	81,217,500
		<u>55,834,256</u>	<u>87,206,982</u>
Note 18	Payables		
	Retention	9,246,126	2,006,144
	Refundable Deposits (Tender Deposit)	461,826	781,485
	Library Deposit (Refundable)	964,000	453,000
	Science Deposit (Refundable)	452,000	217,000
	NARA Transport	-	20,000
	Stamp Duty	21,250	
	Payee	3,090	3,090
	Receivable	3,700	3,700
	Refundable Hostel Deposit	107,200	107,200
	Audit Fees	1,353,213	
	Payable to credit	388,434	
	Other	1,400	
		<u>13,002,239</u>	<u>3,591,619</u>

11. Auditor General's Report



Report of the Auditor General on the Financial Statements of the Ocean University of Sri Lanka and its affairs for the year ended 31 December 2018 in terms of Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka

1.1 Qualified Opinion

The audit of financial statements of the Ocean University of Sri Lanka for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements 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 provisions of the National Audit Act, No. 19 of 2018 and the Finance Act, No.38 of 1971. My comments and observations which I consider should be reported to Parliament, appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Ocean University of Sri Lanka as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

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

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.



1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Ocean University's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Ocean University or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the Ocean University is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the University.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ocean University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ocean University's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Ocean University and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Ocean University has complied with applicable written law, or other general or special directions issued by the governing body of the University;
- Whether the University has performed according to its powers, functions and duties; and
- Whether the resources of the University had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 Internal Control over the Preparation of Financial Statements

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that, transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the



existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.5.2 Non-Compliance with Sri Lanka Public Sector Accounting Standards

The following observations are made.

Non Compliance with the reference to particular Standard	Comments of the Management	Recommendation
(a) In terms of Paragraph 47 of the Sri Lanka Public Sector Accounting Standard 07, when the fair value of items of property, plant and equipment differs materially, a further revaluation is necessary and in case of insignificant changes in fair value, it should be necessary to revalue only every three or five years. Nevertheless, action had not been taken accordingly in respect of property, plant and equipment owned by the University of which the net value amounted to Rs.526,278,876 as shown in the statement of financial position as at 31 December of the year under review. Moreover, expenditure of recurrent nature amounting to Rs.792,674 incurred on repairs and maintenance of motor vehicles and expenditure on newspaper advertisements totalling Rs.578,640 had been capitalized contrary to paragraph 21 of the Standard.	Necessary action is being taken for revaluation.	Action should be taken in terms of the Standard.
(b) Since useful life of the non-current assets had not been reviewed annually in terms of Paragraph 65 of the Sri Lanka Public Sector Accounting Standard 07, four items of fixed	It has been eliminated by journal entries.	Even though it had been fully depreciated, the assets used at

assets costing Rs.47,875,010 were further in use despite being fully depreciated. However, action had not been taken to revise the said estimated error in terms of Sri Lanka Public Sector Accounting Standard 03. Two items of assets costing Rs. 1,076,476 included in the said assets had not been included in the schedule of assets presented with the financial statements.

present, should not be eliminated from books.

1.5.3 Accounting Deficiencies

The following observations are made.

Audit Observation	Comments of the Management	Recommendation
-----	-----	-----
(a) Audit fees totalling Rs. 1,420,460 payable for the period from the year 2012 to 2018 had been included in the statement of financial performance as an expenditure of the year instead of indicating only the audit fees for the year under review in the statement of financial performance.	The value relating to the year 2018 could not be identified separately.	Audit fees relating to preceding years should be separately identified and adjusted under the prior year adjustments.
(b) Even though the depreciation for the year under review pertaining to 04 motor vehicles costing Rs.27,159,250 which were received as donations during the years 2015 and 2016 amounted to Rs.6,790,812, it had been brought to account as Rs.1,131,635. Thus, the depreciation of the year had been understated by Rs.5,659,177 in the financial statements. Further, depreciation for the period from when those vehicles are	The assets have been depreciated from the date of inclusion in the final accounts.	In terms of the Sri Lanka Public Sector Accounting Standard 07, assets should be depreciated from when it is available for use.



available for use up to the year 2017 had not been brought to accounts, thus the accumulated depreciation had been understated by Rs. 10,622,562.

- | | | |
|--|--|---|
| <p>(c) Even though a sum of Rs.1,092,250 had been allocated for the purchase of Cloaks under accrued expenditure in the preceding year, when making payments thereof in the year under review, it had been debited to the Furniture and Fittings Account instead of being debited to the relevant accrued expenditure account.</p> | <p>Action will be taken to rectify it.</p> | <p>It should be brought to account accurately.</p> |
| <p>(d) Even though the value of work done pertaining to the constructions of buildings of the Panadura College amounted to Rs.7,627,445 as at 31 December of the year under review, only the net value of Rs5,945,365 paid to the contractor had been debited to the Work-in-progress Account. As such, balances in the Work-in-progress Account and Advance Account had been understated and overstated respectively by Rs.1,682,080.</p> | <p>Action will be taken to rectify it.</p> | <p>Accurate accounting methods should be adopted.</p> |
| <p>(e) A sum of Rs.5,700,000 paid to the Provincial Engineer's Office on 31 December 2018 for the renovation of buildings of the Trincomalee College, had been debited to the Buildings Account instead of Advance Account.</p> | <p>Action will be taken to rectify it.</p> | <p>Accurate accounting methods should be adopted.</p> |



- (f) Outstanding course fees totalling Rs.225,000 pertaining to preceding years and received during the year under review had been credited to the Course Fees Revenue Account of the year instead of being credited to the outstanding course fees revenue. Necessary internal methodologies will be formulated. Accurate accounting methods should be adopted.
- (g) Rentals amounting to Rs.319,777 overpaid in the preceding year had been received again by cash in the year under review and it had been credited to the Lease Rent Account of the year under review instead of being credited to the Prior Year Adjustment Account. Action will be taken to rectify it. Accurate accounting methods should be adopted.
- (h) In the settlement of Rs.3,938,566 payable for two constructions relating to preceding years and which was not brought to account as accrued expenditure, it had been debited to the Shortfalls and Excesses Account instead of relevant Assets Account, in rectifying the error occurred due to debit of Accrued Expenditure Account through a journal entry in the year under review. Action will be taken to rectify it after receiving the relevant information. Accurate accounting methods should be adopted.
- (i) When rectifying the overprovision of Rs.1,787,547 made under accrued expenditure on the constructions of Negombo College through a journal entry in the year under review, it had been credited to the Shortfalls and Excesses Account instead of being credited to the relevant assets account. Action will be taken to rectify it. Accurate accounting methods should be adopted.

1.5.4 Unreconciled Control Accounts or Records

Item	As per Financial Statements Rs.	As per Corresponding Records Rs.	Difference Rs.	Comment of the Management	Recommendation
Course fees receivable	15,092,123	33,725,250	18,633,127	Outstanding course fee revenue was being identified at college level.	Course fee revenue should be accurately identified and brought to account.

1.5.5 Lack of Documentary Evidence for Audit

Item	Amount Rs.	Evidence not made available	Comment of the Management	Recommendation
Fixed assets and accrued expenditure	773,033,994	Detailed schedules, Register of Fixed Assets and Age Analysis.	A proper Register of Fixed Assets was being prepared.	Schedules should be prepared to identify the items of assets separately.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

The following observations are made.

Audit Observation	Comments of the Management	Recommendation
(a) Action had not been taken to recover hostel fees totalling Rs.2,892,804 receivable over a period ranging from 3 to 5 years, course fees amounting to Rs.15,092,123 receivable	Replies had not been made.	Action should be taken without delay to recover the revenue

and a sum of Rs.840,000 deposited in respect of Perera Hostel in Mattakuliya of which the lease agreement was cancelled on 01 March 2015.

receivable to the University.

- (b) An unsettled balance of Rs.3,742,168 brought forward under Advances since prior to the year 2012 under the accounts receivable, a balance of Rs.1,329,343 receivable pertaining to the period 2002-2014 from National Aquatic Resources Research and Development Agency (NARA) as at the end of the year under review and salaries and advances of travelling expenses totalling Rs.131,500 granted in the year 2012 had not been settled even by the end of the year under review.
- Action will be taken to identify and settle the relevant balances.
- Action should be taken without delay to recover the balance receivable.

1.6.2 Payables

Audit Observation

 Action had not been taken to identify and settle the balances payable totalling Rs.30,353,021 brought forward since prior to the year under review.

Comments of the Management

 Replies had not been made.

Recommendation

 Action should be taken to identify and settle the payables.

2. Financial Review

2.1 Financial Results

The operating result of the year under review had been a deficit of Rs.5,016,544 as against the surplus of Rs.21,768,782 in the preceding year, thus indicating a deterioration of Rs.26,785,326 in the financial result. Even though the Government grants had increased by Rs.61,887,000, increase in the expenditure on salaries and

Rs.7,858,254 had been paid to them for the year under review. Thirteen units of equipment relating thereto existed in regional Colleges.

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| <p>(b) Even though the University shall subject to Section 5.1(j) of the Ocean University of Sri Lanka Act, No. 31 of 2014, have the power to charge fees for the courses of study and training programmes conducted by the University, no fees had been charged for the courses and training programmes conducted since the year 2017. The revenue billed for the year 2016 for which the last fee was charged, had been Rs.19.8 million.</p> | <p>Action will be taken to charge the course fees in due course.</p> | <p>Since the fees could be charged in terms of the Act, action should be taken to do so.</p> |
| <p>(c) Appointment of Chancellor and Dean of each Faculty had not been made in terms of Section 10(3) of the Ocean University of Sri Lanka Act, No. 31 of 2014 while the Admission, Accreditation and Quality Assurance Council, Academic Council, Faculty Boards and such other bodies had not been established in terms of Section 18 of the Act even by the end of the year under review.</p> | <p>Action will be taken in due course to fill the relevant vacancies and to establish the relevant councils.</p> | <p>Action should be taken to fill the said vacancies and to establish the councils for the going concern and the proper management of the institution.</p> |
| <p>(d) A comparison between the approved cadre and actual cadre as at the end of the year under review revealed 147 vacancies and 19 persons had been recruited on contract basis. Further, service of 77 visiting lecturers/ instructors had been obtained due</p> | <p>Action will be taken in due course to recruit and absorb the staff.</p> | <p>Action should be taken to recruit the staff required for the institution.</p> |



to the vacancies in the academic staff during the year under review and payments amounting to Rs.5,129,825 had been made in this connection.

3.2 Operating Inefficiencies

The following observations are made.

Audit Observation	Comments of the Management	Recommendation
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(a) The University had conducted 106 various courses/programmes for the year under review and the number of participants therein had been 2376. Out of these programmes, 72 programmes were short term or mobile programmes in which 1724 persons ranging from 7 to 25 had participated. Out of the long term degree, diploma and certificate courses conducted by the institution, the number of courses in which 652 students ranging from 7 to 50 were participated, had been only 37.	Replies have not been made.	Special attention of the University is needed in respect of conducting long term courses.
(b) The University had spent the sums amounting to Rs.104,696,296 and Rs.226,204,042 as expenditure on cadre and other recurrent expenditure respectively in view of performing the functions stated in (a) above during the year under review.	Replies have not been made.	Attention of the University staff is needed in respect of conducting long term courses.

3.3 Delays in Projects or Capital Work

Audit Observation	Comments of the Management	Recommendation
<p>The estimated value of Rs.5,700,000 presented by the Department of Buildings in Trincomalee pertaining to the renovation work of stores and workshop buildings of the Trincomalee College, had been paid to the said Department on 28 December 2018. Nevertheless, the relevant Agreements had been entered into only on 14 January 2019. Even though the respective work should have been completed by 14 July 2019 in accordance with the said agreement, its physical progress was only 45 per cent as at 30 June 2019, the date of audit.</p>	<p>Replies have not been made.</p>	<p>Follow up action should be taken in respect of carrying out the work for which the advances are given, within the due period.</p>

4. Accountability and Good Governance

4.1 Presentation of Financial Statements

Audit Observation	Comments of the Management	Recommendation
<p>In terms of Section 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003, financial statements should be presented to the Auditor General within 60 days after the close of the year of accounts. Nevertheless, the financial statements for the year under review had been presented only on 11 July 2019.</p>	<p>Replies have not been made.</p>	<p>Financial statements should be presented in compliance with the statutory provisions.</p>

4.2 Sustainable Development Goals

Audit Observation	Comments of the Management	Recommendation
<p>Every Government institution should act in terms of the 2030 “Agenda” for Sustainable Development of the United Nations while the Sustainable Development Act, No.19 dated 03 October 2017 was passed therefor and all Government institutions had been made aware through circulars. Even though all Government institutions should be aware of the manner in implementing the functions that come under its scope ,the University had failed to identify the focal points to reach those targets and indices for measuring the achievement of targets.</p>	<p>Replies have not been made.</p>	<p>Action should be taken in terms of the relevant circular.</p>

4.3 Implementation of the Citizens’ / Clients’ Charter

Audit Observation	Comments of the Management	Recommendation
<p>The Citizens’/Clients’ Charter introduced by Circular No. 05/2008 dated 06 February 2008 of the Ministry of Public Administration and Management which was amended by Circular No.05/2018(01) of 24 January 2018, had not been prepared and implemented.</p>	<p>Replies have not been made.</p>	<p>Action should be taken by the institution in terms of provisions in the circular .</p>

4.4 Human Resource Development

Audit Observation	Comments of the Management	Recommendation
<p>Human Resource Development Plan had not been prepared based on the format in Annexure 02 mentioned in the Public Administration Circular No.02/2018 of 24 January 2018 and action had not been taken accordingly.</p>	<p>Replies have not been made.</p>	<p>Action should be taken in terms of provisions in the circular.</p>

12. . Explanations made to the Auditor General's Report

Report of the Auditor General on the Financial Statements and Other Regulatory Requirements of the Ocean University of Sri Lanka for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act No. 19 of 2018

1.2.3 Basis for Qualified Opinion

- (a) I agree with the audited point. The Ocean University of Sri Lanka is in the process of conducting an asset revaluation. Similarly, an internal control system has been introduced to prevent capitalization of assets with a recurrent nature.
- (b) I agree with the audited point. Assets that completely depreciated cumulatively in long-term, and unused assets have been removed from the register. That was done by the Journal Note 163.
- (c) Although the Auditor General's Department conducted audits of the University from 2012 to 2018, the university had not been received any source documents for making payments in that regard. The relevant allocation has been made in the year 2018 for making the balance payment due to the Auditor General's Department by the year 2018.
- (d) The relevant depreciation is included for the period starting from the date on which the said asset was entered into the final accounts to the year ended 2018. The cumulative depreciation has been rectified as at 31.12.2018.
- (e) Have submitted after rectification.
- (f) Have submitted after rectification having agreed with the audited fact.
- (g) Have submitted after rectification having agreed with the audited fact.
- (h) Have submitted after rectification having agreed with the audited fact.
- (i) An internal control system has been prepared to prevent such situations in the future.
- (j) On several occasions up to 2011, the Auditor General did not make opinion on the final accounts, and from 2012 onwards she has given his opinion on the Account Reports under the Qualified Opinion.

The Amarasekara & Sons, which is an external auditing firm, inspected the current accounts of the university and issued a report, and that the suspense account which exceeded the

balance of Rs.600,000.00 at that time was rectified with the consent of the Auditor General's Department having dealt with few dishonored cheques included in that report, and accordingly, the Auditor General had expressed his opinion for the said year on the agreement to maintain the balance (Rs. 85,433.00) in the suspense account from 2012 onwards without changing, and although action have been taken to maintain the said balance without change from 2012 to 2018, arrangements would be made to write off this balance from the accounts in 2019.

(k) Agreed with the audited point, and since the Auditor General's Department has the basic information regarding these capital expenditure, as soon as the relevant files are received, action will be taken to rectify accounts having correctly identified the expenditure and to submit with the final accounts of 2019.

(l) Agreed with this fact, and the balance confirmations for the value of Rs. 33,725,250.00 /-have been obtained as a preparation for this problematic situation.

The Ocean University of Sri Lanka has implemented the education system free from charging fees for students since 2017 and the course fees to be paid by the students who were studied up to that time have been accounted on an accrual basis after getting confirmation by the relevant departments. In order to verify the said information, relevant information have been obtained having compiled and submitted a proper form. Since a notification has not been issued so far by the Ministry or Institutional level informing not to charge the course fees due from the students who have studied up to the year 2017, the balance of Rs. 9,841,123.00 has been generated and accounted for.

Similarly, as per the notification of the Heads of Higher Education Division, arrangements are being made to settle the arrears of course fees due by the students to the University. Also, as the government has decided that these revenues of course should be charged in the year 2019, steps are taken to make the relevant rectifications in the year 2019.

(m) The letter dated 22.05.2019 bearing No. OCU/02/02/01-07 has been sent to the relevant institute with regard to the facts of;

07. Refundable Deposits-(Electricity NARA)- Rs.218,750.00

08. NARA (Refundable) - Rs.180,000.00

09. Refundable Deposits - (Vehicle Rent) - Rs.47,000.00

connected to the National Aquatic Resources Research and Development Agency mentioned in the Audit Inquiry. The prevailed situation is the release of deposits deposited with the that institute and confirmation of up-to-date deposit balances for various services obtained during the period from 2002 to 2017 by the University in collaboration with the National Aquatic Resources Research and Development Agency. Two letters to inquire in this regard dated 21.03.2018 and dated 31.12.2017 with the title of “Confirmation of Balances Receivable” had been sent to the Accountant of the National Aquatic Resources Research and Development Agency by the Director Finance (Acting) at that time. However, as soon as that institution responds to the letter sent on 22.05.2019, the relevant answers will be submitted expeditiously.

Refundable Hostel Fees –Rs.110,000.00

This balance will also be submitted to the Finance Committee in the future, and will act as per the recommendations of the Committee.

Accrued Expenses - Rs.30,535,021.00

This balance has been generated due to accounting of the accrued expenses with schedules. Therefore, all these accounting have been done by journal entries. Action would be taken to rectify this having submitted the document confirming the said balance, immediately.

Balances of the Assets Account

The schedule for verifying these asset balances is the fixed asset register. However, when making said payments, those will be included in ledger accounts, and the final accounts are prepared based on the trial balance which contains those balances. Ledger accounts are also a residuary source document for verifying these balances. However, a duly prepared fixed asset register will be submitted with the 2019 Final Accounts Report.

2. Report on Other Legal and Regulatory Requirements

(a) i. There is no unit named Sea Training Vessel Maintenance Unit under Section 5.1 (h) of the Ocean University of Sri Lanka Act, No. 31 of 2014. That question is to be corrected.

ii. The reply given in 1.2.4 is applicable.

Travelling Advanced –Rs.15,000.00

This balance is was existed since 2012 but not since 2011, and it is an advance obtained on combined allowances. Although the settlements have been done by now, the audited matter has been arisen due to an error of entering accounting entries to the cash book. Action would

be taken to write off this balance from accounts in the year 2019 through a journal note with relevant schedules.

(iii) The letter regarding the appointment of the Vice Chancellor of the University has already been sent to the President. The recruitment of the Deputy Vice Chancellor will be decided in future based on the growth in the number of university students at present and the number of faculties.

No campuses have been set up for the appointment of rectors. Funds have been requested for the recruitment of Deans for the financial year 2020.

The posts of Director of Media and Information Services and the Head of the Admissions, Accreditation and Quality Assurance Council are the posts for which a currently serving Senior Lecturer or a higher ranker of the Academic Staff should be appointed, and no external recruitment is required. Those appointments will be made as per the service requirement.

An Interim-Academic Council is currently in operation and action will be taken to appoint a permanent Academic Council after the appointments of academic staff and deans are completed.

(b) Reply given in (g) is applicable.

3. Other audit observations

(a) During the year under review, enrollment of students for degree programs is being carried out very efficiently as planned. The University is working to increase student enrollment for degree programs, and an increment is evident at present when compared with the previous years. Based on this condition, necessary steps have been taken to introduce new courses which are in high demand in future and to improve the quality of the existing degree programs.

(b) i. During the year under review, although it was planned to admit students for 03 existing diploma courses in 07 regional centers, only two courses were commenced due to non-recruitment of permanent or visiting instructors required for other courses.

Due to the non-availability of even the minimum requirements for conducting diploma courses at Trincomalee center, diploma courses were not planned for that center.

Student admissions were minimum and some planned courses were not commenced due to the inability to recruit the required instructors for those courses owing to the reason of the delay in the process of absorbing the academic staff.

By now, steps have been taken to conduct courses with maximum success exploiting the services of instructors recruited on contract basis.

ii. The issue of the above instructors has affected for the commencement of certificate courses that have been planned.

Special requests in that regard were caused for the commencement of courses that had not been planned.

Courses with low student demand have been identified and it has been planned to improve the quality of those courses and to introduce more demanding courses and recruit students for those in the future.

Conducting of courses at some of the regional centers mentioned in the newspaper advertisement had been discontinued due to the lack of facilities to conduct such courses at those centers.

Even though 08 Regional Centers are functioning, the absence of even single permanent Instructor in 04 of them has become a major obstacle for conducting courses successfully. Although academic activities are conducting by recruiting instructors on an external and contract basis to fill that gap, this situation has been arisen due to the fact that they are not permanent employees and a considerable contribution is not granted by them for course promotion activities.

Even though the Tangalle Regional Center has the potential to conduct a more number of vocational training courses, lack of adequate classroom facilities has become an issue to commence courses as degree programs are also conducted in the main buildings of that center.

(c) Steps will be taken to take over that expeditiously in the future.

(d) The reply given in 1.2 (m) is applicable.

(e) At present, construction works of this building are fully completed and being used effectively.

(f) There isn't a surplus of 21 staff. This numerical situation has been arisen when the staff approved for the Ocean University of Sri Lanka and the employees worked at the National Institute of Fisheries and Marine Engineering were absorbed to the institute on a basis

personal to themselves. Approved academic staff has been recruited for the University in the year 2019. Financial provisions have been requested to recruit other staff in the year 2020.

Financial provisions have been requested to recruit instructors and other staff of the Vocational Training Division in the year 2020. Since their absorption affairs had not been completed until mid-2019, it was not possible to fill the vacancies in the year 2018.

Prof. N.P. Rathnayake

Vice Chancellor

Ocean University of Sri Lanka

