



**INSTITUTE OF TECHNOLOGY
UNIVERSITY OF MORATUWA, SRI LANKA**

**ANNUAL REPORT
&
ANNUAL ACCOUNTS**

2014

This annual report was approved by the Board of Management of Institute at its 179th meeting held on 21.12.2015.

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INSTITUTE OF TECHNOLOGY-UNIVERSITY OF MORATUWA

1. Vision Statement

To be a center of excellence in Technological Education.

2. Mission Statement

Mission

Be a dynamic technological institute in the region and actively contribute to the educational, economic, and social advancement of Sri Lankan community by:

- Providing accessible, flexible, and efficient technological education and skills training to meet the needs of the society and industry.
- Providing an environment for innovation and creativity.
- Formulation an active collaboration with industry, business and the community for career opportunities.
- Enhancing social and economic pathways and opportunities for young people.

3. Directress's Review

a. Brief Introduction

Institute of Technology, University of Moratuwa is a premier higher educational institute primarily responsible for conducting the nationally and internationally well recognized National Diploma in Technology (NDT) study programme.

2014 is the 14th year of existence of the Institute. Although the institute continued to face numerous difficulties in conducting its activities, stemming from the fact that the Institute do not possess its own physical facilities and is forced to depend on the sharing of the facilities of the University of Moratuwa, it diligently continued to perform its expected national service in the year under review.

b. Achievements

350 students were admitted to the Institute in January 2014 to nine disciplines, namely, Chemical, Textile, Polymer, Civil, Electrical, Electronics, Marine, Mechanical, and Nautical. Orientation programme and the intensive English Classes were successfully conducted for the new students. Academic activities of the Institute were conducted according to academic schedules. Award Ceremony was held on schedule to award the Diplomas for successful students. The industrial training programme for all the third year students were conducted as planned, with the collaboration of the National Apprentice and Industrial Training Authority.

A notable achievement of the year under review is the progress made in the most focused activity the long standing proposed project for the Relocation and Development of the institute. With the laying of the foundation stone to ceremonially commence the Project related activities last year, the Chinese contractor CATIC established their project office and employed the local architectural firm DG-5 to work on the schematic design drawings. Government agencies of the Peoples Republic of China and the External Resources Department of Sri Lanka continued to finalize the funding contract of the project.

When it became apparent that both parties were unable to agree on the terms & Conditions of the Chinese loan, as an alternative the Cabinet of Ministers approved funding from two local banks HNB & Commercial bank for the project. Under the new system the local contracting firm ICC was selected as the Turn-Key contractor by another Cabinet paper. A Contract was signed between MoHE & ICC and construction activities begin towards the end of the year.

c. Failure & Justification

The ITUM, since its establishment in 2000, has faced many constraints which prevented its development both quantitatively as well as qualitatively. The student intake which was 350 students per year for few decades remains the same even in the year 2014, due to the limitations imposed in sharing facilities with the main university. For the very same reason it was found difficult, by both staff and students alike, to do the full implementation of the academic upgrading identified with the revision of syllabus. Relocation and Development of the Institute as envisaged is the most desirable and implementable solution for this long standing handicap.

d. Future Plan

The future plans of the institute are generally tagged to the proposed major development project of "Relocation and Development of the ITUM". Under this project the total student intake to the NDT Programme is planned to be increased from 350 to 1000. New disciplines like IT, QS, Mechatronics & Aeronautical Eng. Tech. etc. is planned to be included in the NDT programme. It is also planned to commence post Diploma programmes for students who have successfully completed the NDT programme

While all the stake holders of this major activity are being mobilized to achieve the goal, ITUM will continue to carry out its national duty of conducting the NDT program with the current number of students, but with enhanced quality, utilizing whatever the opportunities available under the existing set up.

Project Scope

- To provide infrastructure for a new building complex for ITUM at Diyagama, Homagama, Sri Lanka
- To supply and install all equipment and furniture for the lecture theaters and the administrative complexes, the required laboratory equipment, machinery and equipment for workshops, IT equipment, vehicles etc.
- Staff training and Curriculum development.

4. Details of Resources & Students

4.1 Brief History of National Diploma in Technology Course and the Establishment of Institute of Technology, University of Moratuwa.

The roots of the National Diploma in Technology (NDT) Course date back to 1940s to the Ceylon Technical College, Maradana, where a two year Junior Technical Officer' (JTO) Course was conducted in addition to the four year Diploma in Technology, preparing the students for the B.Sc Engineering degree of the University of London. JTO was a well recognized middle level technical course and those who completed the course immensely contributed to the development of the engineering sector of the country.

With the establishment of the Institute of Practical Technology (IPT) at Katubedda, Moratuwa, in 1960, the JTO course was transferred from Maradana to Moratuwa. The IPT was established with aid from the Government of Canada to develop and implement a practically oriented middle level engineering technology courses.

The IPT was elevated to Ceylon College to Technology (CCT) in 1966 and a rapid development took place with course diversification. The CCT commenced a five year Diploma in technology course and the JTO course was also revised introducing one year in-plant training to the course and making it a three year course leading to the National Diploma in Technology (NDT). Later, CCT was elevated to a Campus of the single University of Sri Lanka in 1972 and subsequently, it has grown to be the University of Moratuwa. The NDT course was then conducted by the university on behalf of the Ministry of Higher Education.

In 1987, the NDT course became an internal course of the University of Moratuwa under Section 29(e) of the University Act No. 16 of 1978 and the educational qualification to gain entry to the course became GCE Advanced Level. The Institute of Technology, University of Moratuwa (ITUM), an institute under the University of Moratuwa primarily for the conduct of National Diploma in Technology and similar level courses was established in 2000, under Ordinance No. 3 of 2000. The ITUM functions under a Board of Management and is expected to physically establish the Institute separately for the independent development of the courses.

4.2 Brief Introduction to the NDT Programme.

The primary aim of the course is to produce engineering diplomates required by the industry of our country in various disciplines. The institute conducts the NDT programme in nine disciplines with a total intake of 350. The breakdown is as follows:

Chemical Engineering Technology	-	25
Civil Engineering Technology	-	80
Electrical Engineering Technology	-	40
Electronic and Telecommunication Engineering Technology	-	40
Marine Engineering Technology	-	15
Mechanical Engineering Technology	-	60
Nautical Studies	-	15
Polymer Technology	-	25
Textile and Clothing Technology	-	50

In addition, up to a maximum of five student enrolments are allocated to armed forces and University Non Academic Staff.

The admission to the NDT programme is done through a unique process. Applications are invited by a public advertisement in the government gazette, selected newspapers and the website. The students from three past consecutive G.C.E Advanced levels are eligible to apply. Students are selected on the basis of Z-Scores, district / merit quota (as in the case of university admission), and their preference to different disciplines.

Thus the course consists of a two- year academic study period and one year industrial training. The first year subjects are designed mainly to equalize, consolidate and improve the student's knowledge in basic sciences and to introduce the specialized discipline of study to which he/she has been selected. It will also give exposure to some basic skills required in engineering practice (e.g. Work shop Technology Engineering Drawing). Each discipline offers one or more field subject/s of the student's chosen field of study. (e.g.) Civil Engineering division offers Building Construction for the Civil Engineering stream)

English Language is a compulsory subject in the first year due to the following reasons:

- i. Communication plays an important role in a diplomate's career. Therefore students are required to develop their skills in comprehension, speech and report- writing.
- ii. The NDT course is conducted entirely in the English medium. Since most of the students have done their studies in Sinhala or Tamil medium up to the GCE (A/L), their levels of proficiency in the English language vary widely and there is always room for improvement.

The second year subjects mainly include the application of various engineering phenomena in the selected field of study.

The third year is allocated for obtaining the required hands-on experience in the industry. Training at the accepted industrial establishments is organized and monitored by the National Apprenticeship and Industrial Training Authority (NAITA) and the Lecturer in charge of Industrial Training at the ITUM.

At the end of the three years of education and training, the successful students are awarded the National Diploma in Technology with an **Ordinary, Credit** or **Distinction** pass, as per the performance criteria approved by the University.

The tracer studies have revealed that the employability of passing out NDT diplomats is 100% within one year after passing out.

The new academic curriculum now in operation at the ITUM was introduced in the year 2005 for the first year students and in 2006 for the second year students. The purpose was to broaden the knowledge of students in their selected fields of study, while keeping abreast of current technological advances in the industrial world.

Details of Staff and Students

Divisions	Course	Total Student	Total Academic Staff	Total Non Academic Staff
Civil Engineering Technology	NDT	243	<u>Lecturers</u> P -05 V- 04 <u>Instructors</u> T - 04	P- 01
Mechanical Engineering Technology and Maritime Studies	NDT	248	<u>Lecturers</u> P - 07 C- 02 V- 07 <u>Instructors</u> T - 03 V - 16	P- 01
Polymer, Textile & Chemical Engineering Technology.	NDT	288	<u>Lecturers</u> P - 09 C- 01 T- 01 V-10 <u>Instructors</u> T - 04 V - 05	T- 01
Electrical, Electronics & Telecommunication Engineering Technology.	NDT	245	<u>Lecturers</u> P - 06 C- 01 V- 05 <u>Instructors</u> T - 12 V - 06	T- 01
Interdisciplinary Studies.	NDT	-	<u>Lecturers</u> P - 07 C- 01 T- 01 V-02 <u>Instructors</u> T - 02 V - 02	T- 01

P – Permanent
C- Contract
T- Temporary
V- Visiting

5. Details of Local Students

350 local students were admitted to the Institute to nine disciplines, namely, Chemical, Textile, Polymer, Civil, Electrical, Electronics, Marine, Mechanical, and Nautical.

Division	Course	Medium	Intake 2014	1 st Year Students	2 nd Year Students	3 rd Year Students	No. of Diplomates
Civil Eng. Tech.	NDT	English	80	82	79	82	66
Mechanical Eng. Tech. & Maritime Studies	NDT	English	90	84	79	85	73
Polymer, Textile & Chemical Eng. Tech.	NDT	English	100	98	94	96	72
Electrical, Electronics, & Telecommunication Eng. Tech.	NDT	English	80	83	79	83	72
Interdisciplinary Studies	NDT	English					
Total			350	347	331	346	283

6. Details of Foreign Students

Foreign students were not admitted to the Institute.

7. Details of Academic Staff

Academic staff of the Institute consists of 34 permanent members. The services of contract, temporary and visiting staff are also utilized in the academic activities.

Division	Subject	Medium	Senior Prof.	Professor	Senior Lecturer	Lecturer	ETA	Instructors
Civil Eng. Tech.	Civil	English	-	-	04	01	-	04
Mechanical Eng. Tech. & Maritime Studies	Mechanical Maritime Studies	English	-	-	04	02	01	03
Polymer, Textile & Chemical Eng. Tech.	Textile Polymer Chemical	English	-	-	02 01 -	- 02 03	01 - -	04
Electrical, Electronics & Telecommunication Eng. Tech.	Electrical Electronics	English	-	-	- -	03 03	- -	06 06
Interdisciplinary Studies	Maths IT English	English	-	-	02 01 01	02 - 01	- - -	- 01 -
Total					15	17	02	24

8. Details of Non - Academic Staff

The Institute has two main administrative branches, finance and general administration.

Branch	Most Senior	Senior Staff	Junior Staff	Minor Staff
Finance Division	-	02	05	-
General Administration Division	-	03	07	04
Total	-	05	12	04

8.1 Organization Chart - 2014

Figure 1 depicts the hierarchical structure of the Institute of Technology, University of Moratuwa.

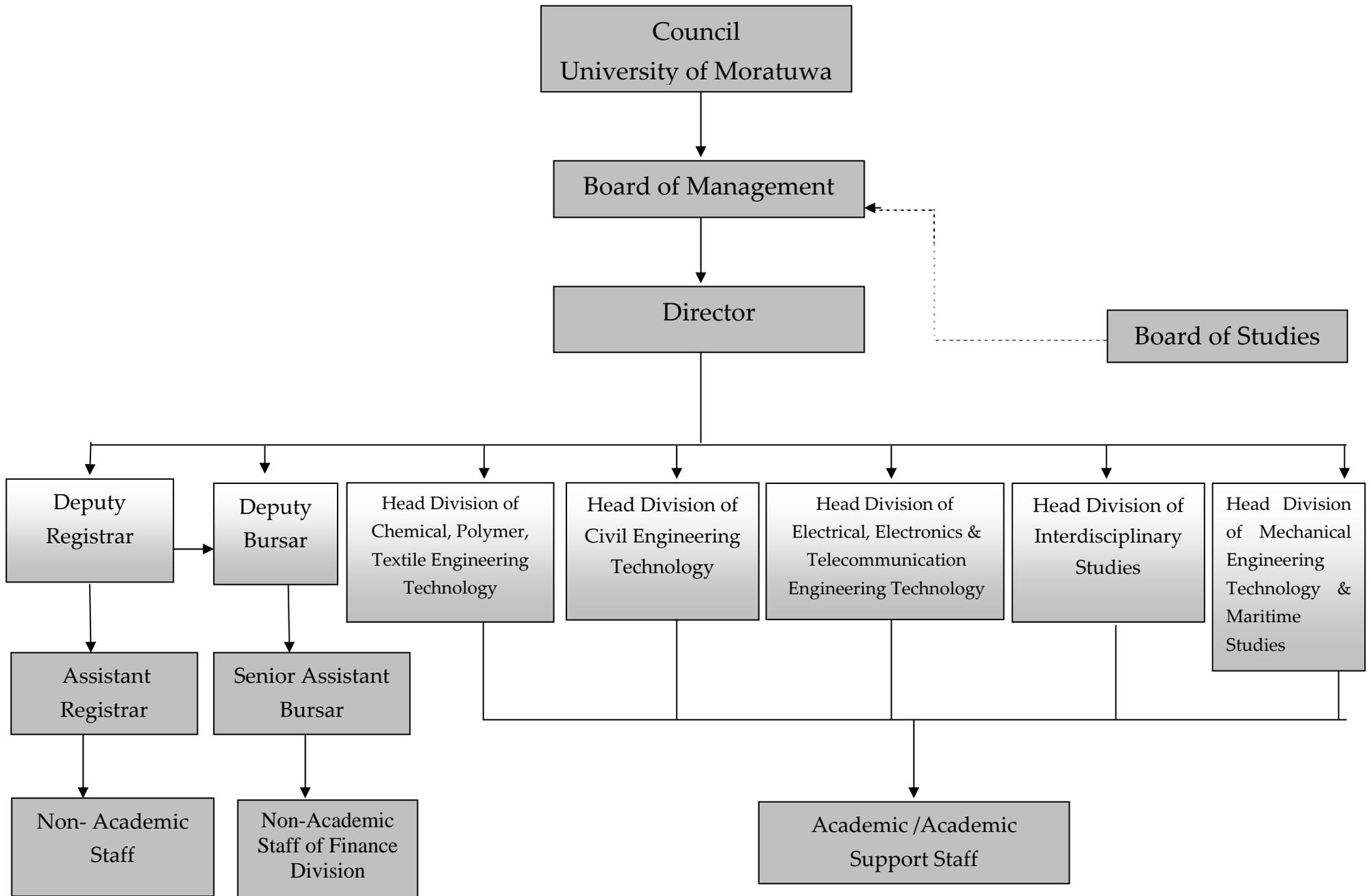


Figure 1

9. Details of Research, Innovation and Publications

Findings of research carried out by ITUM staff have been presented and/or published locally and internationally.

Authors	Title of Paper	Conference
G.K Jayatunga B.M.W.P.K. Amarasinghe	Drying Kinetics of Black Pepper in Spouted Bed Dryer – extended abstract	HETC Symposium 2014
G.K Jayatunga B.M.W.P.K. Amarasinghe	Effect of Configuration of Draft Tubes on Drying Kinetics of Black Pepper Dried In a Spouted Bed Dryer	IESL annual session 2014
Shirani M Kannangara, Sahan C Ranasinghe, Sumudu K Kumarage, Nuwan D Nanayakkara	Hardware Interface for Haptic Feedback in Laparoscopic Surgery Simulators	2014 IEEE Region 10 Symposium
G.D.Nanayakkara	GSM/ Pic based remote earth resistance tester for lightning installation	ITUM Research symposium
Maheshwari B., Simmons, B. and Thoradeniya B., (Editors).	Proceedings of the international Conference on Peri-Urban Landscapes: water, food and Environmental Security.	Peri-Urban 2014, International Conference on Peri-Urban Landscapes: water, food and Environmental Security. Sydney, Australia.
Thoradeniya B and Ranasinghe M.	Community Stakeholder viewpoints on issues of urbanization along the river Maoya, Sri Lanka.	Peri-Urban 2014, International Conference on Peri-Urban Landscapes: water, food and Environmental Security. Sydney, Australia.
Kandamby GWTC	Affordable housing in Sri Lanka.	Proceedings of international conference organized by the Federation of Engineering Institutions of South and Central Asia, Ahamadabath, India, April 23-24, 2014.

Authors	Title of Paper	Conference
KM.Ranasiri, AM.Muzathik	Defects analysis, minimizing metal wastages and yield improvement for grey cast iron casting: A case study	Trade Science Inc. An Indian Journal – Volume
P. D. C. Kumara, I. P. W. Chandana, A.M. Muzathik and T. R. Ariyaratne	Theoretical investigation of structural design for a parabolic trough concentrator	Research symposium, Institute of Technology, University of Moratuwa
J.M.P. Gunasekara , R. A. R. C. Gopura, and T. S. S. Jayawardane,	A Qualitative Performance Measure for Upper Limb Exoskeleton based on Lock Joint Failures at Minimum Manipulation	International Research Session, University of Peradeniya , iPURSE, 2014
J. M. P . Gunasekara , R. A. R. C. Gopura, and T. S. S. Jayawardane	Redundant Upper Limb Exoskeleton Robot with Passive Compliance	7 th IEEE International conference on Information and Automation for Sustainability (ICIAfS) 2014.
R.D.B. Mavilmada, S.M.Y. Damruwan, J. Thibakar, C.C. Wijesiriwardana, J.M.P. Gunasekara and R.A.R.C. Gopura	Shoulder exoskeleton with novel slider mechanisms	International Research Session, University of Peradeniya , iPURSE, 2014

Authors	Title of Paper	Conference	Journals
Somaratne M.C.W. Liyanage N.M.V. Walpalage S.	Contribution of hydrogen and/or covalent bonds on reinforcement of natural rubber latex films with surface modified silica.	-	Journal of Applied Polymer Science (2014) Vol 131, Issue 12
Somaratne M.C.W. Liyanage N.M.V. Walpalage S.	Surface Modification of Silica with a Hydrophilic Polymer and Its Influences on Reinforcement of Natural Rubber Latex.	-	Journal of the National Science Foundation, (2014) Vol 42, No 4
G.K Jayatunga B.M.W.P.K. Amarasinghe	Drying Kinetics of Black Pepper Dried in A Spouted Bed Dryer with or without Draft Tubes	Intl. Conf. on Advances in Civil, Structural and Mechanical Engineering-- ACSME 2014	International Journal of Manufacturing & Industrial Engineering – IJMIE , Volume 1: Issue 2, pp. 6–10, Publication Date : 25 June 2014
Kandamby GWTC	Cement stabilized rammed earth for single storey housing.	Annual session of Institute of Engineers, Sri Lanka, October 2014	Journal, Institute of Engineers, Sri Lanka, October 2014.

10. Details of Programme, Seminars & Workshops:

1. One day workshop in evaluation techniques was conducted for all academic staff members of ITUM on January 2014 by Prof. Jauffer.
2. Second Annual Research Symposium was conducted on 03rd July 2014 which facilitated the presentation of research findings made by ITUM academic staff.
3. A two day workshop was conducted on 08th & 09th of July 2014 by the training division of SLS on ISO 9001-2008 for all academic & administrative staff.
4. A residential workshop titled ' How to be happy at work' by motivational speaker Mr. Mohan Palliyaguru was conducted for all ITUM staff in August 2014.
5. A program titled 'Be a Brand' for attitudinal changes of ITUM students was conducted by Mr. Mohan Palliyaguru on 12th & 19th of October 2014 to make them aware of their social responsibilities.
6. One day staff development programme titled 'Examination work' was conducted by Prof.(Mrs). Dayawansa to all academic staff of ITUM on 20th November 2014.
7. Annual Survey Camp was conducted for NDT Civil Engineering students at Police Training College, Kalutara – December 2014.

11. Details of Awards Received:

Distinction certificates were received by 26 Students at the Awards Ceremony.

Chemical Engineering Technology	04
Civil Engineering Technology	07
Electrical Engineering Technology	01
Electronic Engineering Technology	01
Marine Engineering Technology	02
Nautical Studies	06
Polymer Technology	02
Textile Engineering Technology	03

12. Details of New Courses Started:

Proposed new courses will be started when the Institute is relocated in its new premises at Diyagama.

13. Details of Recurrent Expenditure:

Subject	2013Rs	2014 Rs
a. Personal emoluments	78,547,461	93,526,6880
b. Travelling	295,725	86,103
c. Supplies	3,361,033t	3,960,105
d. Maintenance	1,142,909	2,549,932
e. Contractual Service	4,012,654	3,832,023
f. Other	12,942,349	9,341,455
Total	100,302,131	113,296,498

14. Details of Capital Expenditure:

Subject	2013 Rs	2014 Rs
a. Acquisition of furniture, Lab and Office Equipment	7,562,162	7,825,841
b. Acquisition of Plant and Machineries	11,000	5,900
c. Acquisition of Building & Structures	-	245,322
d. Other	647,027	756,950
Total	8,220,189	8,834,013

15. Details of Projects (Local/ Foreign Funded):

Name & Detail	Loan/Grant	Funding Agency	TCE Rs.	RFA Rs.	DF Rs.
Relocation & Development Project - ITUM	Loan	GOSL	10,239 M		
Total					

#{GOSL/ADB/IDA/WB/.....}

16. Details of Project Expenditure (Local/Foreign Funded)

Name	TCE Rs.	Exp in 2013 Rs	Exp in 2014 Rs.	Cumulative Exp as at 31.12.2014	% of Physical Progress
Re-location and Development ITUM project at Diyagama		14,309,862	7,879,766	26,829,240.13	
Total		14,309,862	7,879,766	26,829,240.13	

17. Details of Financial Progress (Expenditure):

Subject	Provision in 2014 Rs	Exp in 2014Rs	Savings/Excess Rs
a. Recurrent except Project	110,280,000	113,296,498	(3,016,498)
b. Capital except Project	7,000,000	8,834,013	(1,834,013)
c. Project – Local Fund			
d. Project – Foreign Funded			
Total	117,280,000	122,130,511	(4,850,511)

18. Details of Financial Progress (Generated Income):

Source of Revenue	Provision in 2014 Rs	Collection in 2014 Rs	Deficit/ Surplus Rs
a. Undergraduate Studies			
b. Postgraduate Studies			
c. Consultancies			
d. Other	3,647,000	3,854,802	(207,802)
Total	3,647,000	3,854,802	(207,802)

19. Financial Performance Analysis - 2014:

Subject	Formula	Exp. Per Student Rs.
a. Recurrent Expenditure per Student (RE)	RE/No of Student Strength	110,641.11
b. Capital Expenditure per Student (CE)	CE/No of Student Strength	8,626.97
Total		119,268.08

20. Details of Infrastructure Facilities Received in 2014:

ITUM is sharing infrastructure facilities of University of Moratuwa from year 2000.

21. Any Other Details / Performance Relevant to this Report:

Construction activities of the Relocation & Development project of ITUM commenced with a kike- off meeting conducted in October 2014 with the participation of officials from MoHE, ICC, UOM & ITUM.

The ITUM was successful in the European Maritime Safety Agency (EMSA) audit conducted two maritime studies programmes (Marine Engineering & Nautical Studies).

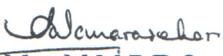
INSTITUTE OF TECHNOLOGY-UNIVERSITY OF MORATUWA
STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2014

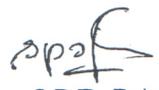
	Notes	2014 Rs.	2014 Rs.	2013 Rs.	2013 Rs.
<u>ASSETS</u>					
Current Assets					
Cash at Bank	1	5,210,484		3,950,953	
Receivables	2	10,278,021		11,817,820	
Stock		1,006,464		905,686	
Prepayments		253,976		209,854	
Investments (Short-Term)		<u>5,000,000</u>	<u>21,748,945</u>	<u>18,000,000</u>	<u>34,884,313</u>
Receivable Security Deposits			<u>2,391,200</u>		
Non -Current Assets					
Investments(Long-Term)	3	15,323,815		14,322,786	
Property, Plant and Equipment	4	59,325,188		58,372,195	
Work in Progress	4a	24,438,040		19,596,306	
Other assets	5	<u>1,618,411</u>		<u>1,429,594</u>	
			<u>100,705,454</u>		<u>93,720,881</u>
Total Assets			<u>124,845,599</u>		<u>128,605,194</u>
<u>LIABILITIES</u>					
Current Liabilities					
Payables	6	3,344,092		5,666,973	
Deferred Income	7	74,307		38,094	
Accrued expenses	8	<u>2,354,998</u>	<u>5,773,397</u>	<u>4,548,145</u>	<u>10,253,212</u>
Non-Current Liabilities					
Provision for Gratuity			<u>16,170,790</u>		<u>15,532,956</u>
Total Liabilities			<u>(21,944,187)</u>		<u>(25,786,168)</u>
Total Net Assets			<u>102,901,412</u>		<u>102,819,026</u>
NET ASSETS / EQUITY					
Capital Grant - Spent	9	27,104,514		31,442,352	
Capital Account Work In Progress	9(a)	51,829,240		37,784,571	
Capital Grant - Unspent	10	5,905,870		15,469,651	
General Reserve	11	(12,850,304)		(13,772,390)	
Donations	12	4,093,286		3,975,000	
Non Monetary Government Grant	13	7,250,000		7,250,000	
Accumulated Fund	14	19,568,806		20,669,842	
			<u>102,901,412</u>		<u>102,819,026</u>
Total Net Assets / Equity			<u>102,901,412</u>		<u>102,819,026</u>

The Notes appearing on pages 35 to 38 an integral part of the Financial Statements.

The Board of Management is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Management of the Institute by


 Mrs. M.M.R.D. Samarasekara
 Director
 Institute of Technology
 University of Moratuwa
 Sri Lanka


 Mrs. S.P.D. Peiris
 Senior Assistant Bursar
 20
S. P. D. Peiris
 Senior Assistant Bursar
 Institute of Technology
 University of Moratuwa


 Mrs. S.R.S. Udeshi
 Actg. Deputy Registrar
Ms. S.R.S. Udeshi
 Asst. Registrar
 Institute of Technology,
 University of Moratuwa.

INSTITUTE OF TECHNOLOGY-UNIVERSITY OF MORATUWA
STATEMENT OF FINANCIAL PERFORMANCE FOR THE
YEAR ENDED 31st DECEMBER 2014

<u>Operating Revenue</u>	Note	2014	2013
		Rs.	Rs.
Recurrent Grant		110,280,000	101,300,000
Govt: Grant - Mahapola		2,396,600	2,585,000
Govt: Grant - Bursary		13,412,700	10,976,000
Other income	15	3,854,802	2,420,958
Amortization		6,882,136	6,546,884
Grant for Strengthening Research		150,000	0
		136,976,238	123,828,842
<u>Operating Expenses</u>			
Personal Emoluments	16	93,526,880	78,547,461
Traveling	17	86,103	295,725
Supplies and consumable used	18	3,960,105	3,361,033
Maintenance	19	2,549,932	1,142,909
Contractual services	20	3,832,023	4,012,654
Research and Development	21	725,340	614,028
Depreciation and amortizations expenses		7,677,136	6,546,884
Other operating expenses	22	9,341,455	12,942,349
Mahapola		2,396,600	2,585,000
Bursary		13,412,700	10,976,000
Expenses on Strengthening Research		150,000	0
Total operating expenses		137,658,274	121,024,043
Surplus / (Deficit) from operating activities		(682,036)	2,804,799



S.P.D. Peiris
Senior Assistant Bursar

INSTITUTE OF TECHNOLOGY-UNIVERSITY OF MORATUWA
STATEMENT OF CHANGES IN NET ASSETS FOR THE
YEAR ENDED 31st DECEMBER 2014

Notes	9	9a	10	11	12	13	14	Total
	Capital Grant Spent Rs.	Payment For Land Rs.	Capital Grant Unspent Rs.	General Reserve Rs.	Donations Rs.	Non-Monetary Govt. Grant Rs.	Accumulated Fund Rs.	Rs.
Balance at 31st December 2012	30,998,880	30,286,444	26,675,468	(17,939,735)	3,975,000	7,250,000	14,495,254	95,741,311
Net gains and losses not recognized in the statement of financial performance				1,362,546				1,362,546
Transfers/Net Movements	8,257,690	7,498,127	(11,205,817)				6,174,588	10,724,588
Surplus / Deficit for the period				2,804,799				2,804,799
Amortization	(7,814,218)							(7,814,218)
Balance as at 31st December 2013	31,442,352	37,784,571	15,469,651	(13,772,390)	3,975,000	7,250,000	20,669,842	102,819,026
Surplus/Deficit on revaluation of properties								0
Transfers/Net Movements	9,499,033	7,232,934	(9,563,781)		118,286			6,185,436
Net gains and losses not recognized in the statement of financial performance	(7,749,735)	6,811,735		1,604,122			-1,101,036	1,604,122
Amortization	(6,087,136)							(938,000)
Surplus / (deficit) for the period				(682,036)				(6,087,136)
								(682,036)
Balance at 31st December 2014	27,104,514	51,829,240	5,905,870	(12,850,304)	4,093,286	7,250,000	19,568,806	102,901,412


S.P.D. Peiris
Senior Assistant Bursar

INSTITUTE OF TECHNOLOGY-UNIVERSITY OF MORATUWA
CASH FLOW STATEMENT FOR YEAR ENDED
31st DECEMBER 2014

	Notes	2014		2013	
		Rs.	Rs.	Rs.	Rs.
<u>Cash Flow from Operating</u>					
<u>Activities</u>					
Surplus / (deficit) from ordinary activities		(682,036)		2,804,799	
 <u>Non-cash movements</u>					
Depreciation		7,677,136		6,546,884	
Amortization		(6,882,136)		(7,813,051)	
Increase/(Decrease) Provision for Gratuity		637,834		3,557,939	
Other Adjustments	24	2,401,208		1,362,546	
 <u>Increase/Decrease in Working Capital</u>					
(Decrease)/Increase in receivables	25	1,394,898		(6,263,887)	
Increase/(Decrease) in Deferred Income		36,213		(2,139,329)	
Increase/(Decrease) in payables	26	(2,322,881)		1,001,385	
(Decrease)/Increase in Accrued Expences		(2,193,147)		1,517,914	
 Net cash flow from operating activities			 67,089		 575,200
 <u>Cash flow from Investing</u>					
<u>Activities</u>					
Purchase of plant and equipment (Schedule D & E)		(8,944,013)		(8,257,690)	
Payment for Land (Capital)		(7,879,766)		(7,498,127)	
 Net cash flow from investing activities			 (16,823,779)		 (15,755,817)
 <u>Cash flow from financing</u>					
<u>activities</u>					
Capital Grant	10	7,000,000		4,810,000	
Increase/Decrease in Restricted funds		(1,101,036)		6,174,588	
Increase/(Decrease) in Donations		118,286			
Net cash flows from financing activities			<u>6,017,250</u>		<u>10,984,588</u>
Net increase / (decrease) in cash and cash equivalent			(10,739,440)		(4,196,029)
Cash and cash equivalent at the beginning of period			<u>36,273,739</u>		<u>40,469,768</u>
Cash and cash equivalent at the end of period	27		<u><u>25,534,299</u></u>		<u><u>36,273,739</u></u>



S.P.D. Peiris

Senior Assistant Bursar

Audit Committee Report

Internal Audit Report

The Internal Audit Division carried out its auditing functions of the Institute of Technology, University of Moratuwa according to the Annual Internal Audit Programme 2014 as approved by the Audit Committee and the Board of Management with the concurrence of the Auditor General covering a significant area of engagement as follows.

1. Pre- Audits

- Releasing of University Provident Fund (UPF)
- Payment of Gratuity
- Releasing of Pension Fund
- Calculation of bonds

2. Audit Queries issued on findings

- Verification of bursary payments.
- Sample Verification of Payment Vouchers-2014.

3. Other Audit Checks carried out

- Checked a sample of purchase orders
- Checked bank reconciliations
- Checked miscellaneous advances

4. The Audit Committee

The Audit Committee of the ITUM meets regularly at least once in three months to review activities of the ITUM. The Committee considers the Audit Reports and Queries sent by the Auditor General and the Internal Audit and the responses of the ITUM to those queries. The Committee makes recommendations. And directives for corrective actions are also monitored.

The Audit Committee met on three occasions during the year under review.

5. The Staff

The Internal Audit Division comprises the following staff.

- A Senior Assistant Internal Auditor
- An Audit Assistant
- Two Clerks
- A Computer Application Assistant
- A Labourer



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கணக்காய்வாளர் தலைமை அறிப்பி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல. } EC/D/ITUM/1/14/02

ඔබේ අංකය
உமது இல. } Your No.

දිනය
திகதி } Date

31 August 2015

Director

Institute of Technology – University of Moratuwa

Report of the Auditor General on the Financial Statements of the Institute of Technology – University of Moratuwa for the year ended 31 December 2014 in terms of Section 108 (1) of the Universities Act No. 16 of 1978 and Section 20 of the Institute of Technology – University of Moratuwa Ordinance No.03 of 2000

The audit of financial statements of the Institute of Technology – University of Moratuwa for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended 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 Section 20 of the Institute of Technology – University of Moratuwa Ordinance No.03 of 2000 enacted in terms of Section 18 of the Universities Act, No. 16 of 1978. My comments and observations which I consider should be published with the annual report of the Institute of Technology in terms of Section 108 (1) of the Universities Act appear in this report. A detailed report in terms of the Sub Section 108 (2) of the Universities Act was issued to the Director of the Institute on 23 June 2015.

1.2 Management's Responsibility for the Financial Statements

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



1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of the 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.

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

1.4 Basis for Qualified Opinion

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

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Institute of Technology of the University of Moratuwa at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

As the property, plant and equipment costing Rs. 46,379,016 with Zero written down value as at 31 December of the year under review and being used at present had not reflected the fair value and the action had not been taken to revalue and account of these assets.

2.2.2 Unconfirmed Transactions by Sufficient Authority

According to the section 99 of the Universities Act No. 16 of 1978, all income earned from any source by the higher education institutes should be credited to the fund of that institute, contrary to that the income from national technical course applications and preparatory course income had been credited separately to the deferred income accounts. A sum of Rs. 933,634 from these accounts had been distributed among the employees without the approval from Treasury for the year under review and public finance circular No. 380 for consultancy services accepted had been interpreted erroneously for this payment.

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

Even though, according to the section 3.1 of chapter XX of the Establishment Code of the University Grants Commission and Institutes of Higher Education every officer in service of the Institute should record the times of arrival and departure in an Attendance register, contrary to that Rs. 50,922,656 had been paid as salaries and allowances without confirm the attendance of the academic staff.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Institute for the year under review had resulted in a deficit of Rs.682,036 as compared with the corresponding surplus of Rs. 2,804,799 for the preceding year, thus indicating an decrease of Rs.3,486,835 in the financial results for the year under review. In relation to the last year, government grants received for recurrent expenditure had been increased by Rs. 8,980,000, the main reason for the decline was that the staff remuneration had increased by Rs. 14,979,419.

4. Operational Review

4.1 Performance

Following observations are made.

- (a) The Institute conducts 09 Diploma Courses and out of the 360 students enrolled in the year 2010, 283 students or 79 per cent had passed the Diploma for the year under review.
- (b) As the recurrent expenditure was of Rs. 137,658,274 for the year under review, the cost of a student was Rs. 202,737.

- (c) Mahapola Scholarship amounting to Rs. 2,396,600 had been paid to 206 students and Bursaries amounting to Rs. 13,412,700 had been paid to 428 students during the year under review.
- (d) 20,999 lecture hours had been conducted during 30 academic weeks for the year under review and based on academic requirements 48 per cent by external lecturers. The cost of the 10,925 internal lecture hours and 10,074 external lecture hours were Rs. 50,922,656 and Rs. 14,246,700 respectively.

4.2 Underutilization of Funds

The Value of Commercial Naval Officers Training programme and Marine Engineering and Naval Engineering Fund of Rs. 7,970,715 had been underutilized since 10 years without being used for projected activities.

4.3 Personnel Administration

Vacancies existed on 15 posts of probationary lecturer and 12 posts of non-staff grades relating to other staff of the approved academic staff of the Institute as at 31 December 2014.

5. Accountability and Good Governance

5.1 Corporate Plan

Even though the Corporate Plan for the period 2011-2015 had been prepared, the approval of the Board of Management for that had not been obtained up to the date of audit.

6. Systems and Controls

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

- (a) Accounting
- (b) Subsidiary Registers
- (c) Staff Loans control
- (d) Assets Management
- (e) Advances

W.P.C.Wickramaratne
Acting Auditor General

Audit Opinion	Description / Action taken
2.2 Comments on financial statements	2.2 Comments on financial statements
2.2.1 Accounting Deficiencies	2.2.1 Accounting Deficiencies
As the property, plant and equipment costing Rs. 46,379,016 with zero written down value as at 31 December of the year under review and being used at present had not reflected the fair value and the action had not been taken to revalue and account of these assets.	Elimination process of the unusable assets, taking in to consideration the reports of verification of assets as at the end of 31 December 2014, has commenced as soon as the preparation of the lists of these assets to be eliminated, the remaining lists of assets will be forwarded to the valuation department to do the re-valuation.
2.2.2 Unconfirmed Transactions by Sufficient Authority	2.2.2 Unconfirmed Transactions by Sufficient Authority
According to the section 99 of the Universities Act No. 16 of 1978, all income earned from any source by the higher education institutes should be credited to the fund of that institute, contrary to that the income from national technical course applications and preparatory course income had been credited separately to the deferred income accounts. A sum of Rs. 933,634 from these accounts had been distributed among the employees without the approval from Treasury for the year under review and public finance circular No. 380 for consultancy services accepted had been interpreted erroneously for this payment.	Following the decision taken by the council of the Moratuwa University to implement the government finance circular No. 380 dated 18-01-2010 and the mode of payment of allowances as approved by the Board of Management at its 93 rd meeting held on 29.08.2008, the expenditure was met only from income of preparatory course conducted during the year 2014 and the income from application forms of the national technology course.
2.3 Non – Compliance with Laws, Rules, Regulations and Management Decisions	2.3 Non – Compliance with Laws, Rules, Regulations and Management Decisions
Even though, according to the section 3.1 of chapter XX of the Establishment Code of the University Grants Commission and Institute of Higher Education every officer in service of the Institute should record the times of arrival and departure in an Attendance register, contrary to that Rs.50,922,656 had been paid as salaries and allowances without confirm the attendance of the academic staff.	The same methodology used by the university system, is applicable to the Institute of Technology as well. In this connection action has been taken in accordance with the advice from University Grants Commission.

Audit Opinion	Description / Action taken
3. Financial Review	3. Financial Review
3.1 Financial Results	3.1 Financial Results
<p>According to the financial statements presented, the operations of the Institute for the year under review had resulted in a deficit of Rs. 682,036 as compared with the corresponding surplus of Rs. 2,804,799 for the preceding year, thus indicating an decrease of Rs. 3,486,835 in the financial results for the year under review. In relation to the last year, government grants received for recurrent expenditure had been increased by Rs. 8,980,000, the main reason for the decline was that the staff remuneration had increased by Rs. 14,979,419.</p>	Agreed.
4. Operational Review	4. Operational Review
4.1 Performance	4.1 Performance
<p>Following observations are made (a) The Institute conducts 09 Diploma Courses and out of the 360 students enrolled in the year 2010, 283 students or 79 per cent had passed the Diploma for the year under review.</p>	<p>(a) A few students leave the course of studies for personal reasons. Since the Marine Engineering students leave the island for their training and employment, their participation in Diploma Awarding Ceremony could changed for a few years. Students who fail in certain number of subjects at the end of the first year and the second year examinations conducted they are considered as failures. Some students fail the examination conducted at the end or the external practical training. Only those students who pass the first and second year examinations and successfully complete the external practical training, will be eligible to receive the Diploma. Further, this shortage has occurred in view of the student unrest that took place in January 2013 and in view of seventeen students not becoming eligible for the final examination and the Diploma Awarding Ceremony.</p>
<p>(b) As the recurrent expenditure was of Rs. 137,658,274 for the year under review, the cost of a student was Rs. 202,737</p>	<p>(b) The recurrent expenditure for the year under review is Rs. 137,658,274. The per student cost should be corrected to read as Rs. 134,170. The per student cost should be computed inclusive of the third year students, as the NDT programme is a three year programme.</p>

Audit Opinion	Description / Action taken
(c) Mahapola Scholarship amounting to Rs. 2,396,600 had been paid to 206 students and Bursaries amounting to Rs. 13,412,700 had been paid to 428 students during the year under review.	(c) Agreed
(d) 20,999 lecture hours had been conducted during 30 academic weeks for the year under review and based on academic requirements 48 per cent by external lecturers. The cost of the 10,925 internal lecture hours and 10,074 external lecture hours were Rs. 50,922,656 and Rs. 14,246,700 respectively.	(d) To fill the vacancies of the academic staff and to retain such lectures has become a common problem for the entire university system. Although the approved cadre for the Institute of Technology is 44, to fill the entire cadre is a continuous problem for the institute, as the institute has to perform all its functions within the limited space made available when the physical resources of the university was allocated. In the circumstances the services of visiting lecturers had to be obtained.
4.2 Underutilization of Funds	4.2 Underutilization of Funds
The Value of Commercial Naval Officers Training Programme and Marine Engineering and Naval Engineering Fund of Rs. 7,970,715 had been underutilized since 10 years without being used for projected activities.	These funds have not been received for other activities as funds have been given to the Moratuwa University by the Ministry of Ports and Aviation to be used for the development activities of the Mechanical Engineering, Marine and academic department. Such funds were therefore given back to the Institute of Technology by council paper of the Moratuwa University No. 293:66 of 2005. These funds have been invested in a fixed deposit for the use of development activities of the Mechanical Engineering, Marine and academic department and immediately upon the establishment of Institute of Technology at Diyagama premises, these funds would be utilized to purchase necessary equipment and to do the other development activities of the academic department. It is informed that certain development work is being done at present from the interest of the investment.
4.3 Personnel Administration	4.3 Personnel Administration
Vacancies existed on 15 posts of probationary lecturer and 12 posts of non-staff grades relating to other staff of the approved academic staff of the Institute as at 31 December 2014.	Since the year 2000 the institute is administrating the work of about 1050 students by utilizing the limited resources made available by the University of Moratuwa. The space allocated to the Institute of Technology is gradually being reduced with the increase in the number of students enrolled by the University of Moratuwa with this background in filling the vacant posts or other staff, problems tend to arise in providing the facilities necessary for such staff. Filling of vacant posts had been a continuous problem for the Institute.

Audit Opinion	Description / Action taken
5. Accountability and Good Governance	5. Accountability and Good Governance
5.1 Corporate Plan	5.1 Corporate Plan
Even though the Corporate Plan for the period 2011-2015 had been prepared, the approval of the Board of Management for that had not been obtained up to the date of audit.	Corporate Plan had been prepared by the Institute for the period 2011 to 2015. Based on such a plan, the activity plan prepared for the year 2014 had been approved by the Board of Management at its 163 rd meeting held on 27.06.2014.
6. Systems and Controls	6. Systems and Controls
Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Director of the Institute from time to time. Special attention is needed in respect of the following areas of control.	
(a) Accounting	(a) Accounting
	When preparing the financial statements of the Institute of Technology, University of Moratuwa for the year ended 31 December 2014, clauses 106 (1) 107 (1B) of Act No. 16 of 1978, the amended act No 07 of 1985 and clauses 19 (1) (2) of Institute of Technology ordinance No. (iii) of 2000 and paragraph 8 (3) 12 of finance Act No. 38 of 1971, finance circular No 3/2014 of University Grants Commission, government accounting standards issued by the chartered institute of accounts, were taken into consideration and such financial statements were forwarded to the Auditor General before 28.02.2015 subject to approval by the Board of Management of the institute.
(b) Subsidiary Registers	(b) Subsidiary Registers
	Action has been taken to minimize the deficiencies in cash books, votes ledgers journal entries etc;
(c) Staff Loan	(c) Staff Loan
	Payment and recovery of loans is systematically done except in instances beyond our control.
(d) Assets Management	(d) Assets Management
	Institute of Technology already has a register to indentify separately the land and property of the institute. Action is being taken to identify the assets which are outdated and also to take appropriate action with regard to such assets.
(e) Advance	(e) Advance
	Although the reconciliation of advances were delayed due to the nature of reasons adduced in making payments as advances, all advances have been recovered without any fraud.

Sgd/ Mrs. MMPD Samarasekara
Director /ITUM