



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



## **ANNUAL REPORT & ANNUAL ACCOUNTS**

**2015**

**This annual report was approved by the Board of Management of Institute at its  
184<sup>th</sup> meeting held on 19.05.2016.**

## ***Vision***

*To be a center of excellence in Technological Education.*

## ***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.*

## **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.

## 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.

## Director'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.

2015 is the 15<sup>th</sup> 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 2015 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 commencement & continuation of the project for Relocation & Development of ITUM at Diyagama, Homagama after signing the contract between the Ministry of Higher Education & International Construction Consortium (Pvt)Ltd the Developer. By the end of year 2015 more than 75% of structural construction work was completed which included the main academic building and accommodation for both students & Staff.

The work related to the curriculum development of the NDT programme also commenced under the staff training component of the project during year 2015.

### **c. Failure & Justification**

The ITUM, since its establishment in 2000, have 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 same even in the year 2015, 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. The NDT curriculum will be updated & upgraded to suit the future demands of the Industry. 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.

## **Contents**

	<b>Page No.</b>
1. Goals of ITUM	1
2. Members of the Board of Management	2
3. Officers of the Institute	3
3.1 Organization Chart	4
4. Details of Staff and Students	5
4.1 Details of Local Students	6
4.2 Details of Foreign Students	6
4.3 Details of Academic Staff	7
4.4 Details of Non-Academic Staff	7
5. Details of Research , Innovation and Publications	8
6. Details of Programmes, Seminars & Workshops	12
7. Details of Awards Received	13
8. Details of New Courses Started	13
9. Details of Recurrent Expenditure	14
10. Details of Capital Expenditure	14
11. Details of Projects (Local/Foreign Funded)	14
12. Details of Project Expenditure (Local/Foreign Funded)	15
13. Details of Financial Progress (Expenditure)	15
14. Details of Financial Progress (Generated Income)	15
15. Financial Performance Analysis – 2015	16
16. Details of Infrastructure Facilities Received in 2015	16
17. ITUM Relocation and Development Project	16
18. Any other Details	16
19. Audited Financial Statements – 2015	17
20. Audit Committee Report	21
21. Auditor General's Report	22
22. Reply to the Auditor General's Report	30



## **1. Goals of ITUM**

**Goal 1:** Establish a physical environment compatible with a modern post- secondary Technological Institute.

**Goal 2:** Create a teaching and skills training system that is flexible and accessible to a larger student population in order to cater to the needs of the society and industry.

**Goal 3:** Establish an environment that promotes research of practical relevance and encourage innovation and creativity.

**Goal 4:** Establish a strong and a mutually beneficial partnership and involvement with industry.

**Goal 5:** Develop a team of qualified and motivated staff.

**Goal 6:** Create an environment that promotes the total development of students.

**Goal 7:** Develop a management system that ensures quality and efficiency at all levels of the institution.

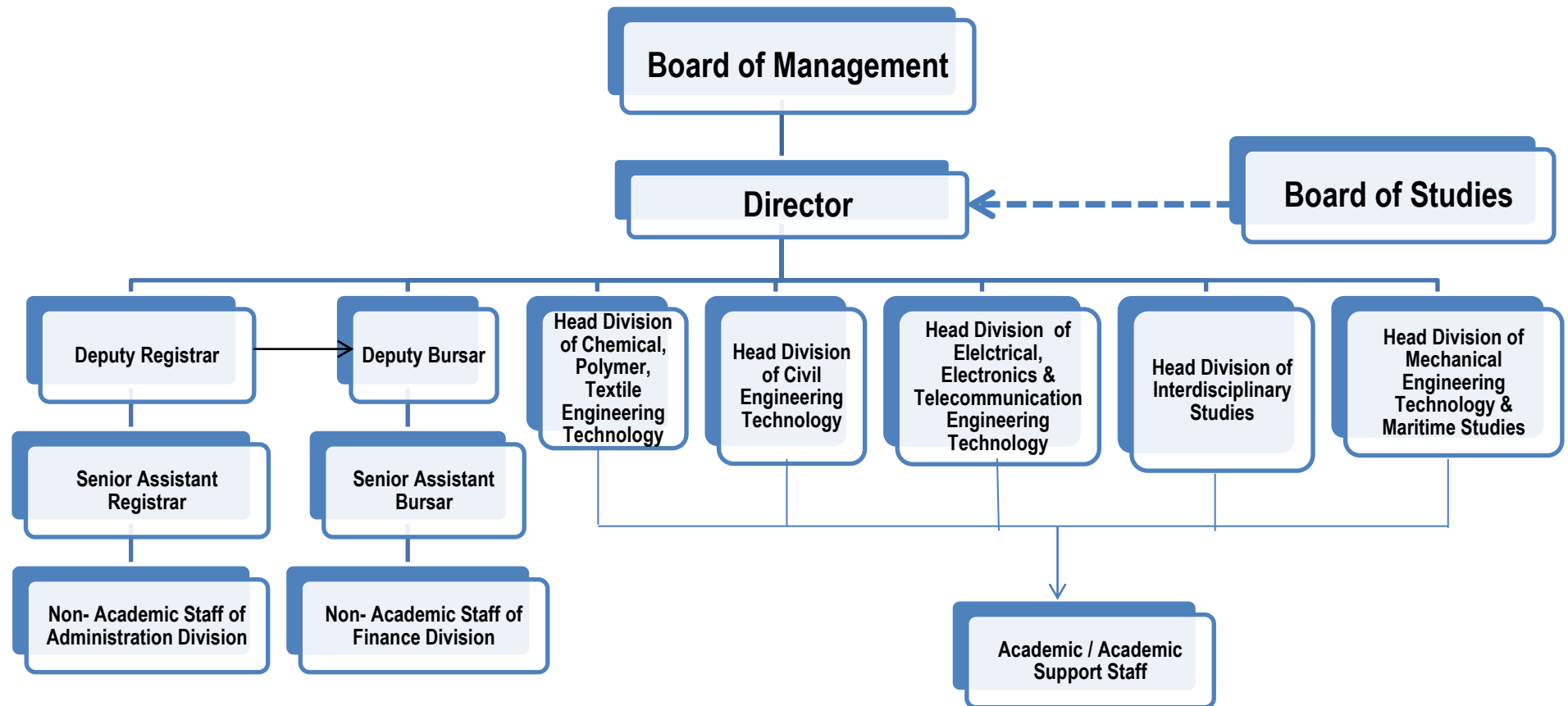
## 2. Members of the Board of Management

1.	Mrs.	M.M.P.D.	Samarasekara	Director/ITUM
2.	Mr.	P.G.	Jayasinghe	Nominee of the Secretary to the Ministry of the Minister in-charge of the subject of Higher Education.
3.	Mr.	A.W.	Seneviratne	Nominee of the Secretary to the Ministry of the Minister in-charge of the subject of Shipping
4.	Mrs.	R.M.A.P.	Samaradiwakara	Nominee of the Chairperson of the National Apprentice and Industrial Training Authority (NAITA)
5.	Prof.	U.G.A.	Puswewala	Dean of the Faculty of Engineering of the University
6.	Prof.	M.L.	De Silva	Dean of the Faculty of Architecture of the University
7.	Eng.	Mangala	P.B. Yapa	Council Nominee (From 06.05.2015 to 05.05.2018)
8.	Prof.	S.M.A.	Nanayakkara	Senate Nominee
9.	Dr.	T.A.G.	Gunasekara	} Nominees of BOS/ITUM
10.	Mrs.	P.N.P.	Fonseka	
11.	Dr.	A.M.N.	Alagiyawanna	} UGC Nominees (From 30.04.2015 to 29.04.2018)
12.	Mr.	J.K.	Lankathilake	

### 3. Officers of the Institute

<b>Director</b>	Mrs. M.M.P.D Samarasekara <i>B.Sc. (Eng.) (Moratuwa), M. Eng. (Moratuwa), MPhil (Moratuwa)</i>										
<b>Deputy Registrar</b>	Mrs. K.C Sanjeevani Perera <i>BSc. (Hons)(Sri J' pura), PGDBM (Colombo) MBS (Merit)(Colombo)</i>										
<b>Deputy Bursar</b>	Vacant										
<b>Senior Assistant Registrar</b>	Mrs. S.R.S. Udeshi <i>BSc. (Agri.) (Ruhuna) Mphil (Agri.) (Peradeniya)</i>										
<b>Senior Assistant Bursar</b>	Mrs. S. P. D. Peiris <i>B.Com (Sp)-KLN, PGDIP (Pub. Mgt.)-SLIDA, CBA</i>										
<b>Postal Address</b>	Institute of Technology University of Moratuwa Katubedda, Moratuwa, Sri Lanka.										
<b>Telephone Numbers:</b>	<table><tr><td><b>General</b></td><td>: 011 2650301/340 /441/534/671</td></tr><tr><td><b>Fax</b></td><td>: 011 2650565</td></tr><tr><td><b>Director</b></td><td>: 011 2650064</td></tr><tr><td><b>Deputy Registrar</b></td><td>: 011 2650427</td></tr><tr><td><b>Senior Assistant Bursar</b></td><td>: 011 2650565</td></tr></table>	<b>General</b>	: 011 2650301/340 /441/534/671	<b>Fax</b>	: 011 2650565	<b>Director</b>	: 011 2650064	<b>Deputy Registrar</b>	: 011 2650427	<b>Senior Assistant Bursar</b>	: 011 2650565
<b>General</b>	: 011 2650301/340 /441/534/671										
<b>Fax</b>	: 011 2650565										
<b>Director</b>	: 011 2650064										
<b>Deputy Registrar</b>	: 011 2650427										
<b>Senior Assistant Bursar</b>	: 011 2650565										

### 3.1 Organization Chart -2015



#### 4. Details of Staff and Students

Divisions	Course	Total Student	Total Academic Staff	Total Non Academic Staff
Civil Engineering Technology	NDT	244	<u>Lecturers</u> P –06 V- 03 <u>Instructors</u> T – 03 V - 08	P- 01
Mechanical Engineering Technology and Maritime Studies	NDT	251	<u>Lecturers</u> P – 07 C- 01 V- 06  APO - 02 IMarEST L – 06  <u>Instructors</u> T - 04 V – 20	P- 01
Polymer, Textile & Chemical Engineering Technology.	NDT	283	<u>Lecturers</u> P – 09 V - 08 <u>Instructors</u> T – 04 V – 07	T- 01
Electrical, Electronics & Telecommunication Engineering Technology.	NDT	237	<u>Lecturers</u> P – 07 V- 04 <u>Instructors</u> T – 11 V – 08	T- 02
Interdisciplinary Studies.	NDT	350	<u>Lecturers</u> P – 08 C- 01 T- 01 V-02 <u>Instructors</u> T – 02 V - 02	T- 02

P – Permanent

C- Contract

T- Temporary

V- Visiting

APO – Assistant Project Officers

IMarEST L - IMarEST Lecturer

## 4.1 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 2015	1 <sup>st</sup> Year Students	2 <sup>nd</sup> Year Students	3 <sup>rd</sup> Year Students	No. of Diplomates
Civil Eng. Tech.	NDT	English	81	83	81	80	91
Mechanical Eng. Tech. & Maritime Studies	NDT	English	90	83	90	78	86
Polymer, Textile & Chemical Eng. Tech.	NDT	English	100	101	94	94	99
Electrical, Electronics, & Telecommunication Eng. Tech.	NDT	English	80	78	84	75	92
Interdisciplinary Studies	NDT	English					
<b>Total</b>			<b>351</b>	<b>345</b>	<b>349</b>	<b>327</b>	<b>368</b>

## 4.2 Details of Foreign Students

Foreign students were not admitted to the Institute.

### 4.3 Details of Academic Staff

Academic staff of the Institute consists of 39 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	02	-	03
Mechanical Eng. Tech. & Maritime Studies	Mechanical Maritime Studies	English	-	-	04	02	01	04
Polymer, Textile & Chemical Eng. Tech.	Textile	English	-	-	03	-	01	04
	Polymer				01	01	-	
	Chemical				-	03	-	
Electrical, Electronics & Telecommunication Eng. Tech.	Electrical	English	-	-	-	04	-	05
	Electronics				-	03	-	06
Interdisciplinary Studies	Maths	English	-	-	02	02	-	01
	IT				01	01	-	01
	English				01	03	-	-
<b>Total</b>					<b>16</b>	<b>21</b>	<b>02</b>	<b>24</b>

### 4.4 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	-	01	05	-
General Administration Division	-	03	08	04
<b>Total</b>	<b>-</b>	<b>04</b>	<b>13</b>	<b>04</b>

## 5. 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
Somarathne M.C.W Liyanage N.M.V	Comparoson of physical properties of cast and dipped latex films filled with silica.	Annual Research symposium Institute of Technology, University of Moratuwa
Liyanage N.M.V Somarathne M.C.W Walpolu S	Sri Lanka, Patent No. 17447. A method for reinforcing natural rubber latex products by incorporating modified silica dispersions, N.I.P office	
Abeykoon K.M.W Punchihewa H.W.K Nanayakkara L.D.J.F Munidasa J.D	Categorisation of physical disabilities to identify capabilities and limitations of people with physical disabilities	8 <sup>th</sup> International Research Conference at General Sir John Kothalawala Defence University
Abeykoon K.M.W Punchihewa H.W.K Nanayakkara L.D.J.F Munidasa J.D	Physical Capability Study For Physically Differently-Abled Persons	Annual Research symposium Institute of Technology, University of Moratuwa
Jayathunga G.K Amarasinghe B.M.W.P.K	Mathematical Modeling of Drying Kinetics of Black Pepper in a Spouted bed dryer with and without non porous draft tubes.	“Trends in Multidisciplinary business and Economic Research” ,Thailand.
Dr.(Mrs.) Dissanayake G Dr.(Mrs.) Perera S	Book Chapter : New approaches to sustainable fibers Title of the Book: Sustainable fibers for fashion industry Springer publication.	
Weerakoon A.D	Facilitating the student's soft skills enhancement by conducting a poster exhibition	Annual Research symposium Institute of Technology, University of Moratuwa



Authors	Title of Paper	Conference
GalabadaHarsha, Bhadranie Thoradeniya &RangikaHalwatura	Public perceptions on urban outdoor constructions and their materials	8 <sup>th</sup> International Conference of Faculty of Architecture Research Unit (FARU), University of Moratuwa, Sri Lanka
Bhadranie Thoradeniya & Ayodya Bulathsinhala	Community perceptions on drinking and domestic water : A pilot study	Technical Sessions 2015, Institute of Engineers, Sri Lanka
Kariyawasam A and B Thoradeniya	Impacts of Mini Hydropower Plants: A research design through preliminary studies	8 <sup>th</sup> International Research Conference 2015, General Sir John KotelawalaDefence University, Sri Lanka
Bhadranie Thoradeniya	Chapter 9 – Application of an Educated Trade-Off Analysis Framework for the Ma Oya River Basin Development Project, Sri Lanka, Cost-Benefit Studies of Natural Resource Management in Southeast Asia	Springer Science + Business Media Singapore

Authors	Title of Paper	Conference
P.S. Yatapana Sooriyarachchi	Comparison of Applicability of Two Ranking Methods for University Admission, the common Currency Index Method and the Z-score Method from curriculum based Public Examinations over several Years.	ABSTRACTS ITUM Research Symposium 2015.
S.C. Mathugama TSG Peiris	Time Series Analysis to Model Lengths of Critical Dry Spells in Anamaduwa, Sri Lanka	ABSTRACTS ITUM Research Symposium 2015.
C.P.N.Attygalle	Study of Examination Performance of NDT Students at the University and Pre University Level.	ABSTRACTS ITUM Research Symposium 2015.
S. Nagodavithana	A Study of the use of the communication Strategies as an Indicator of Language Development.	ABSTRACTS ITUM Research Symposium 2015.
DDGADS Saparamadu	Study of Arrival and Service Patterns of passengers at Airport Terminal Mandatory Service Centers and Effect of Placing other Services in Between.	ABSTRACTS ITUM Research Symposium 2015.
DDGADS Saparamadu JMSJ Bandara	Effect of Placing optional Service Centers in Between Mandatory Service Centers at Airport Terminals.	International Conference on Advances in Highway Engineering & Transportation Systems. August 2015, Mount Lavinia, Sri Lanka.
Kalpana Galappaththi	Blended Learning Model For Introduction to Information Technology Subject: Challenges Encountered, Strategies Used and Lesson Learned.	ABSTRACTS ITUM Research Symposium 2015.

<b>Authors</b>	<b>Title of Paper</b>	<b>Conference</b>	<b>Journals</b>
Kandamby GWTC	Cement stabilized rammed earth for two storey housing.- A case study	Annual session of Institute of Engineers, Sri Lanka, October 2015.	Journal, Institute of Engineers, Sri Lanka, October 2015.
S.M Kannangara, Eranga Fernando, S.K Kumarage, N.W.N Dayananda	Simulating Haptic Feedback of Abdomen Organs on Laparoscopic Surgery Tools.		International Journal of Bioscience, Biochemistry and Bioinformatics, Vol 5, No.03 May 2015.

## 6. Details of Programme, Seminars & Workshops

Programms/ Seminars/ Workshops	Date/s conducted	Participants	Remarks
1. Research Symposium of ITUM	July 2015	All academic & Administrative Staff	Annual Event
2. Workshop on 'Continuous Assessments'	July 2015	All academic Staff	Resource persons; - Dr. DDD Suraweera - Dr. PABAR Perera
3. Staff Training programme I	July – August 2015	All ITUM staff	Conducted as part of staff training component of the project for Relocation & Development of ITUM.
4. Workshop on 'Valuation & Disposal Procedures'	September 2015	All ITUM staff	Resource Person; - Mr. Anura Lokugamage
5. Motivational speech 'Be a Brand'	September 2015	NDT 1 <sup>st</sup> year students	Resource Person; - Mr. Mohan Palliyaguru
6. Guest speeches on 'How to survive in the industry'	October 2015	NDT 2 <sup>nd</sup> year students	Resource Persons; - Mr. Rukmal De Silva - Mr. Vikash Pillai
7. Staff Training Programme II	November 2015	All academic staff	Conducted as part of staff training component of the project for Relocation & Development of ITUM.
8. 'Talent Show'	December 2015	NDT New Batch (2015/2016)	Conducted as part of orientation programme.
9. Survey Camp	December 2015	NDT Second Year Civil Engineering Students	Annual Event

## **7. Details of Awards Received**

**Distinction certificates were received by 69 Students at the Awards Ceremony.**

Chemical Engineering Technology	05
Civil Engineering Technology	12
Electrical Engineering Technology	12
Electronic Engineering Technology	10
Marine Engineering Technology	07
Mechanical Engineering Technology	09
Nautical Studies	03
Polymer Technology	07
Textile Engineering Technology	04

## **8. Details of New Courses Started**

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

## 9. Details of Recurrent Expenditure:

Subject	2014 Rs	2015 Rs
a. Personal emoluments	93,526,6880	112,840,723
b. Travelling	86,103	469,675
c. Supplies	3,960,105	3,906,074
d. Maintenance	2,549,932	1,518,939
e. Contractual Service	3,832,023	1,719,164
f. Other	9,341,455	11,054,729
<b>Total</b>	<b>113,296,498</b>	<b>131,509,304</b>

## 10. Details of Capital Expenditure:

Subject	2014 Rs	2015 Rs
a. Acquisition of furniture, Lab and Office Equipment	7,825,841	6,071,461
b. Acquisition of Plant and Machineries	5,900	189,033
c. Acquisition of Building & Structures	245,322	47,525
d. Other	756,950	711,530
<b>Total</b>	<b>8,834,013</b>	<b>7,019,549</b>

## 11. 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		
<b>Total</b>					

#(GOSL/ADB/IDA/WB/.....)

## 12. Details of Project Expenditure (Local/Foreign Funded)

Name	TCE Rs.	Exp in 2014 Rs	Exp in 2015 Rs.	Cumulative Exp as at 31.12.2015	% of Physical Progress
Re-location and Development ITUM project at Diyagama		7,879,766	8,341,737		
<b>Total</b>		<b>7,879,766</b>	<b>8,341,737</b>		

## 13. Details of Financial Progress (Expenditure):

Subject	Provision in 2015 Rs	Exp in 2015 Rs	Savings/Excess Rs
a. Recurrent except Project	124,700,000	131,509,304	(6,809,304)
b. Capital except Project	10,000,000	7,019,549	2,980,451
c. Project – Local Fund			
d. Project – Foreign Funded			
<b>Total</b>	<b>134,700,000</b>	<b>138,528,853</b>	<b>(3,828,853)</b>

## 14. Details of Financial Progress (Generated Income):

Source of Revenue	Provision in 2015 Rs	Collection in 2015 Rs	Deficit/ Surplus Rs
a. Undergraduate Studies			
b. Postgraduate Studies			
c. Consultancies			
d. Other	4,175,000	3,850,092	324,908
<b>Total</b>	<b>4,175,000</b>	<b>3,850,092</b>	<b>324,908</b>

## 15. Financial Performance Analysis – 2015:

Subject	Formula	Exp. Per Student Rs.
a. Recurrent Expenditure per Student (RE)	RE/No of Student Strength	128,552.59
b. Capital Expenditure per Student (CE)	CE/No of Student Strength	6,861.73
<b>Total</b>		<b>135,414.32</b>

## 16. Details of Infrastructure Facilities Received in 2015:

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

## 17. ITUM Relocation and Development Project:

This project estimated at the cost of Rs. 10.3 billion was initiated with the objective to develop the National Diploma Technology program which enjoys the higher demands of nationally and internationally and to expand it enabling an increase in the student intake. The expected number of total students intake will be 1000. It is 350 at present.

The construction activities of the Relocation and Development Project which commenced in October 2014 continued as per scheduled time targets. By the end of the year 2015 more than 75% of the structural construction work was completed.

The staff training component of the project also commenced in August 2015. The first few staff training programmes were utilized to enhance the knowledge of academic staff on curriculum development. The knowledge gain was applied in the curriculum development of the NDT programme.

## 18. Any Other Details

During the year 2015, the institute managed to conduct its academic programmes in all 09 disciplines as per the time schedule.

The institute also successfully conducted its annual research symposium in July 2015, for the 3<sup>rd</sup> consecutive year.



## 19. Audited Financial Statements - 2015

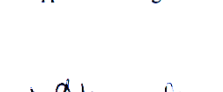

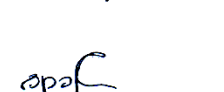
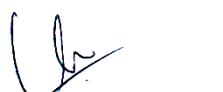
### INSTITUTE OF TECHNOLOGY-UNIVERSITY OF MORATUWA STATEMENT OF FINANCIAL POSITION AS AT 31<sup>st</sup> DECEMBER 2015

	Notes	2015 Rs.	2015 Rs.	2014 Rs.	2014 Rs.
<b><u>ASSETS</u></b>					
<b>Current Assets</b>					
Cash at Bank	1	7,207,105		5,210,484	
Receivables	2	10,680,294		12,669,221	
Stock		838,504		1,006,464	
Prepayments	3	262,647		253,976	
Investments (Short-Term)		0	18,988,550	5,000,000	24,140,145
<b>Non -Current Assets</b>					
Investments(Long-Term)	4	14,335,190		15,323,815	
Property, Plant and Equipment	5	58,196,123		59,325,188	
Work in Progress	5a	33,952,247		24,438,040	
Other assets	6	1,525,986		1,618,411	
			108,009,546		100,705,454
<b>Total Assets</b>			<b>126,998,096</b>		<b>124,845,599</b>
<b><u>LIABILITIES</u></b>					
<b>Current Liabilities</b>					
Payables	7	1,756,122		3,344,092	
Deferred Income	8	59,966		74,307	
Accrued expenses	9	2,798,293	4,614,381	2,354,998	5,773,397
<b>Non-Current Liabilities</b>					
Provision for Gratuity			17,016,878		16,170,790
<b>Total Liabilities</b>			<b>(21,631,259)</b>		<b>(21,944,187)</b>
<b>Total Net Assets</b>			<b>105,366,837</b>		<b>102,901,412</b>
<b><u>NET ASSETS / EQUITY</u></b>					
Capital Grant - Spent	10	26,677,109		27,104,514	
Capital Account Work In Progress	10a	59,843,447		51,829,240	
Capital Grant - Unspent	11	4,044,582		5,905,870	
General Reserve	12	(16,355,724)		(12,850,304)	
Donations	13	4,093,286		4,093,286	
Non Monetary Government Grant	14	7,250,000		7,250,000	
Accumulated Fund	15	19,814,137		19,568,806	
			105,366,837		102,901,412
<b>Total Net Assets / Equity</b>			<b>105,366,837</b>		<b>102,901,412</b>

The Notes appearing on pages 34 to 40 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.P.D. Samarasekara Director	 Mr. J.K. Lankathilaka Member - BoM	 Mrs. S.P.D. Peiris Senior Asst. Bursar	 Mrs. S.R.S. Udeshi Senior Asst. Registrar
Mrs. M.M.P.D. Samarasekara Director Institute of Technology University of Moratuwa Sri Lanka		S. P. D. Peiris Senior Assistant Bursar Institute of Technology University of Moratuwa	Mrs. S.R.S. Udeshi Senior Assistant Registrar Institute of Technology University of Moratuwa Sri Lanka

**INSTITUTE OF TECHNOLOGY-UNIVERSITY OF MORATUWA**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE**  
**YEAR ENDED 31<sup>st</sup> DECEMBER 2015**

	Note	2015 Rs.	2014 Rs.
<b><u>Operating Revenue</u></b>			
Recurrent Grant		124,700,000	110,280,000
Govt: Grant - Mahapola		5,896,400	2,396,600
Govt: Grant - Bursary		14,354,100	13,412,700
Other income	16	3,850,092	3,854,802
Amortization		7,500,730	6,882,136
Grant for Strengthening Research		135,754	150,000
Grant for Leadership Development		50,000	0
Grant for Student Centered Learning		88,000	0
		<b>156,575,076</b>	<b>136,976,238</b>
<b><u>Operating Expenses</u></b>			
Personal Emoluments	17	112,840,723	93,526,880
Traveling	18	469,675	86,103
Supplies and consumable used	19	3,906,074	3,960,105
Maintenance	20	1,518,939	2,549,932
Contractual services	21	1,719,164	3,832,023
Research and Development	22	634,189	725,340
Depreciation and amortizations expenses		8,295,730	7,677,136
Other operating expenses	23	10,420,540	9,341,455
Mahapola		5,896,400	2,396,600
Bursary		14,354,100	13,412,700
Expenses on Strengthening Research		135,754	150,000
Expenses on Leadership Development		50,000	0
Expenses on Student Centered Learning		88,000	0
		<b>160,329,288</b>	<b>137,658,274</b>
<b>Total operating expenses</b>			
<b>Surplus / (Deficit) from operating activities</b>		<b>(3,754,212)</b>	<b>(682,036)</b>

  
 S.P.D. Peiris  
 Senior Assistant Bursar


**INSTITUTE OF TECHNOLOGY-UNIVERSITY OF MORATUWA**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE**  
**YEAR ENDED 31<sup>st</sup> DECEMBER 2015**

Notes	10	10a	11	12	13	14	15	
	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.	Total Rs.
<b>Balance at 31<sup>st</sup> December 2013</b>	<b>31,442,352</b>	<b>37,784,571</b>	<b>15,469,651</b>	<b>(13,772,390)</b>	<b>3,975,000</b>	<b>7,250,000</b>	<b>20,669,842</b>	<b>102,819,026</b>
								0
Net gains and losses not recognized in the statement of financial performance	(7,749,735)	6,811,735		1,604,122				0
Transfers/Net Movements	9,499,033	7,232,934	(9,563,781)		118,286		(1,101,036)	666,122
Surplus / Deficit for the period				(682,036)				6,185,436
Amortization	(6,087,136)							(682,036)
<b>Balance as at 31<sup>st</sup> December 2014</b>	<b>27,104,514</b>	<b>51,829,240</b>	<b>5,905,870</b>	<b>(12,850,304)</b>	<b>4,093,286</b>	<b>7,250,000</b>	<b>19,568,806</b>	<b>102,901,412</b>
Surplus/Deficit on revaluation of properties								0
Transfers/Net Movements	7,073,325	8,014,207	(1,861,288)				245,331	13,471,575
Net gains and losses not recognized in the statement of financial performance	0	0		248,792				248,792
Amortization	(7,500,730)							0
Surplus / (deficit) for the period				(3,754,212)				(7,500,730)
								(3,754,212)
<b>Balance at 31<sup>st</sup> December 2015</b>	<b>26,677,109</b>	<b>59,843,447</b>	<b>4,044,582</b>	<b>(16,355,724)</b>	<b>4,093,286</b>	<b>7,250,000</b>	<b>19,814,137</b>	<b>105,366,837</b>

  
S.P.D. Peiris  
Senior Assistant Bursar

**INSTITUTE OF TECHNOLOGY-UNIVERSITY OF MORATUWA**  
**CASH FLOW STATEMENT FOR YEAR ENDED**  
**31<sup>st</sup> DECEMBER 2015**

	Notes	2015	2014
		Rs.	Rs.
<b><u>Cash Flow from Operating</u></b>			
<b><u>Activities</u></b>			
Surplus / (deficit) from ordinary activities		(3,754,212)	(682,036)
<b><u>Non-cash movements</u></b>			
Depreciation		8,295,730	7,677,136
Amortization		(7,500,730)	(6,882,136)
Increase/(Decrease) Provision for Gratuity		846,088	637,834
Other Adjustments	25	247,875	2,401,208
<b><u>Increase/Decrease in Working Capital</u></b>			
(Decrease)/Increase in receivables	26	2,148,216	1,394,898
Increase/(Decrease) in Deferred Income		(14,341)	36,213
Increase/(Decrease) in payables	27	(1,587,970)	(2,322,881)
(Decrease)/Increase in Accrued Expences		443,295	(2,193,147)
Net cash flow from operating activities		(876,049)	67,089
<b><u>Cash flow from Investing</u></b>			
<b><u>Activities</u></b>			
Purchase of plant and equipment (Schedule D & E)		(6,745,795)	(8,944,013)
Payment for Land (Capital)		(8,341,737)	(7,879,766)
Payment for other projects		(273,754)	
Net cash flow from investing activities		(15,361,286)	(16,823,779)
<b><u>Cash flow from financing</u></b>			
<b><u>Activities</u></b>			
Capital Grant	11	12,000,000	7,000,000
Increase/Decrease in Restricted funds		245,331	(1,101,036)
Increase/(Decrease) in Donations		0	118,286
Net cash flows from financing activities		12,245,331	6,017,250
Net increase / (decrease) in cash and cash equivalent		(3,992,004)	(10,739,440)
Cash and cash equivalent at the beginning of period		25,534,299	36,273,739
Cash and cash equivalent at the end of period	28	21,542,295	25,534,299

  
 S.P.D. Peiris  
 Senior Assistant Bursar

## **20. 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 Internal Audit Programme 2015 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- 2015

#### **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 one 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.

#### **5. The Staff**

The Internal Audit Activities of the ITUM are carried out by a clerk assigned by ITUM at the Internal Audit Division of University of Moratuwa under the supervision of the Senior Assistant Auditor of the University of Moratuwa.

The Internal Audit Staff of University of Moratuwa are also provide their support in carrying out the audit activities of ITUM.



**විගණකාධිපති දෙපාර්තමේන්තුව**  
**கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்**  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல.  
My No.

HED/C/ITUM/1/15/02

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

29 September 2016

The 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 2015 in terms of Section 20 of the Institute of Technology University of Moratuwa Ordinance No.03 of 2000 and Section 108(1) of the Universities Act No.16 of 1978**

The audit of financial statements of the Institute of Technology University of Moratuwa for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of financial performance, statement of changes in net assets and cash flow statement 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 Section 108 (2) of the Universities Act was issued to the Director of the Institute on 26 June 2016.

**1.2 Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka



+94-11-2887028-34



+94-11-2887223



oaggov@slt.net.lk



www.auditorgeneral.gov.lk





### 1.3 Auditor's Responsibility

-----

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material 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. Section 111 of the Universities Act, No. 16 of 1978 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 University of Moratuwa as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### **2.2 Comments on Financial Statements**

#### **2.2.1 Accounting Deficiencies**

Even though assets costing Rs.47,450,180 were fully depreciated due to the errors occurred in identifying the useful life for non- current assets in terms of Sri Lanka Public Sector Accounting Standard 03, they had been further utilized. As such, action had not been taken to rectify the estimated errors.

#### **2.2.2 Accounting Policies**

The amortization policy relating to the depreciation of assets purchased under Government Grants had not been disclosed by the accounts and the net value amounting to Rs.7,250,000 received from the Treasury in the years 2011 and 2012 had been decreased up to a sum of Rs.1,901,167 by the end of the year under review.

#### **2.2.3 Unexplained Differences**

The following observations are made.

- (a) There was a difference amounting to Rs.891,200 in comparing the balance of the Work- in- Progress Account in the statement of financial position with the Schedule as at 31 December of the year under review.





- (b) Even though the value of long- term investments was a sum of Rs.14,335,190 in terms of the statement of financial position in the year under review, there had been a difference amounting to Rs.170,787 due to stating the value as a sum of Rs.14,164,403 in the presented detailed notes.

### 2.3 Accounts Receivable

---

Even though the agreement had been made for the recovery of the sum of Rs.3,481,830 from the Provident Fund recoverable from an officer who had breached the agreement, that money had not been recovered even by 31 December 2015.

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

---

The following instances of non- compliances were observed.

#### Reference to Laws, Rules, Regulations and Non- compliance Management Decisions

---

##### (a) Establishments Code for the University Grants Commission and for Higher Educational Institutions

---

Section 3.1 of Chapter XX

Emoluments amounting to Rs.64,883,895 had been paid for the year under review without establishing the attendance of the academic staff.



**(b) Establishments Code of the  
Democratic Socialist Republic  
of Sri Lanka**

-----

Sub- section 4.2.5 of Chapter XXIV      The balance of Rs.38,080 recoverable from an officer who resigned from service in May 2012 had not been recovered up to 31 December of the year under review.

**3. Financial Review**

-----

**3.1 Financial Results**

-----

According to the financial statements presented, the operations of the Institute for the end of the year had resulted in a deficit of Rs.3,754,212 as compared with the corresponding deficit of Rs.682,036 for the preceding year, thus indicating an increase of Rs.3,072,176 in the deficit in the year under review as compared with the preceding year. Even though the Government grants received for recurrent expenditure in the year under review had increased by a sum of Rs.14,420,000, the increase of personnel emoluments by a sum of Rs.19,313,843 had been the main reason for this increase of the deficit.

In considering financial results of 05 preceding years, the financial result in the years 2012, 2014 and in the year under review indicated a deficit. After making adjustments for depreciation on non- current assets in personnel emoluments and government taxes, the contributions had indicated an improvement and it had been a sum of Rs.11,152,226 by the end of the year under review.



#### **4. Operating Review**

##### **4.1 Performance**

The following observations are made.

Basic functions such as providing, improving and developing higher education in the academic fields determined in terms of the Universities Act No.16 of 1978 are covered by a University. The Institute of Technology consisted of four faculties and the number of registered students by the end of the year under review was 1220.

(a) According to the final year examination results held in the year under review, the number of students appeared for the examination were 430 and 296 out of them or 69 per cent had passed the examination and 134 students or 31 per cent had failed the examination.

(b) Even though it was expected that 85 per cent of students in each faculty would pass the First Year Examination in terms of the Action Plan of the year under review, desired targets had not been achieved as the passing percentage had ranged from 62 per cent to 74 per cent.

##### **4.2 Underutilization of Funds**

A sum of Rs.693,002, the value of two funds namely Research and Development and Technical Institutional Development had been underutilized from around 10 years without utilizing for any purpose.



## **5. Accountability and Good Governance**

### **5.1 Internal Audit**

The following observations are made.

- (a) The audit functions of the Institute of Technology University of Moratuwa are carried out by one clerk attached by the Institute of Technology under the supervision of the Senior Assistant Internal Auditor of the University of Moratuwa. It had caused in reducing the efficiency and the effectiveness of the Internal Audit Unit.
- (b) Functions such as determining the progress of development projects, considering problematic areas relating to projects, conducting site inspections had not been covered by the Internal Audit Unit.

### **5.2 Procurement Plan**

Action had not been taken to purchase 18 items of equipment amounting to Rs.4,000,000 and a stock of books valued at Rs.500,000 included in the Procurement Plan for the year under review.

## **6. Systems and Controls**

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



**Areas of Systems and Controls**

**Observations**

(a) Assets Management

Not disclosing assets at its fair values in the accounts.

(b) Personnel Administration

Not taking expeditious action against officers who breached agreements and not taking action according to existing rules and regulations.

Not taking action to recover loans expeditiously by regularizing the recovery of loans.

H.M Gamini Wijesinghe  
Auditor General

Replies to the Auditor General's Report on the financial statements of the Institute of Technology University of Moratuwa for the year ended 31<sup>st</sup> December 2015 and its activities in terms of section 20 of ordinance no. 03 of 2000 of the Institute of Technology University of Moratuwa and section 108(1) of the universities act no. 16 of 1978.

<b>Audit Opinion</b>	<b>Description / Action taken</b>
<b>Financial Statements</b>	<b>Financial Statements</b>
<b>2.2 Comments on Financial Statements</b>	<b>2.2 Comments on Financial Statements</b>
<b>2.2.1 Accounting Deficiencies</b>	<b>2.2.1 Accounting Deficiencies</b>
Even though assets costing Rs. 47,450,180 were fully depreciated due to the errors occurred in identifying the useful life for non-current assets in terms of Sri Lanka Public Sector Accounting Standard 03, they had been further utilized. As such, action had not been taken to rectify the estimated errors.	Taking into consideration the report in respect of the survey of assets for the year ended 31 December 2015, assets which are unsuitable for use have been identified and action is being taken these days to set aside such assets as unsuitable for use. With regard to revaluation of assets, action has been taken to appoint an institutional committee as per instructions from the 53 <sup>rd</sup> Audit Committee of the University Grants Commission. Steps would be taken to complete the revaluation process by 31 <sup>st</sup> December 2016.
<b>2.2.2 Accounting Policies</b>	<b>2.2.2 Accounting Policies</b>
The amortization policy relating to the depreciation of assets purchased under Government Grants had not been disclosed by the accounts and the net value amounting to Rs. 7,250,000 received from the Treasury in the year 2011 and 2012 had been decreased up to a sum of Rs. 1,901,167 by the end of the year under review.	With regard to the depreciation of vehicles received under non-financial government donations, it has been noted to reveal in the financial statements the accounting policy of the institute from the year 2016.
<b>2.2.3 Unexplained Differences</b>	<b>2.2.3 Unexplained Differences</b>
The following observations are made.	
(a) There was a difference amounting to Rs. 891,200 in comparing the balance of the work in progress account in the statement of financial position with the schedule as at 31 December of the year under review.	The sum of Rs. 2,391,200.00 paid as a deposit to the water supply and drainage board for the schedule of work in progress and after adjusting the sum of Rs. 1,500,000.00 received from the Ministry of Higher Education and paid back to the same Ministry, this balance of Rs. 891,200 will be a zero value.

Audit Opinion	Description / Action taken						
(b) Even though the value of long-term investments was a sum of Rs. 14,335,190 in terms of the statement of financial position in the year under review, there had been a difference amounting to Rs. 170,787 due to stating the value as a sum of Rs. 14,164,403 in the presented detailed notes.	(b) According to the financial statements of the year under review, the long term investment value of Rs. 14,335,100.00 could be reconciled with statement no. 4 in page no 10 of financial statements. Although this value should have been inserted in the detailed statements of page no. 36 it has been inserted incorrectly as Rs. 14,164,403.00						
<b>2.3 Accounts Receivable</b>	<b>2.3 Accounts Receivable</b>						
Even though the agreement had been made for the recovery of the sum of Rs. 3,481,830 from the provident fund recoverable from an officer who had breached the agreement, that money had not been recovered even by 31 December 2015.	According to the letter No. ITUM/ACI/PF/10 dated 06.01.2015 of the Directress of the Institute of Technology the amount recoverable from the officer who had violated the conditions of agreements, is Rs. 1,561,148.33. The release of provident forms required to recover this amount from the provident fund has been forwarded to the University Grants Commission on 26.08.2016.						
<b>2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions</b>	<b>2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions</b>						
The following instances of non-compliance were observed.							
<table border="1"> <thead> <tr> <th data-bbox="202 1249 564 1391">Reference to Laws, Rules, Regulations and Management Decisions</th><th data-bbox="564 1249 890 1391">Non-compliance</th></tr> </thead> <tbody> <tr> <td data-bbox="202 1391 564 1574">(a) Establishment code for the University Grants Commission and for Higher Educational Institutions</td><td data-bbox="564 1391 890 1574"></td></tr> <tr> <td data-bbox="202 1574 564 1834">Section 3.1 of Chapter XX</td><td data-bbox="564 1574 890 1834">Emoluments amounting to Rs. 64,883,895 had been paid for the year under review without establishing the attendance of the academic staff.</td></tr> </tbody> </table>	Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance	(a) Establishment code for the University Grants Commission and for Higher Educational Institutions		Section 3.1 of Chapter XX	Emoluments amounting to Rs. 64,883,895 had been paid for the year under review without establishing the attendance of the academic staff.	(a) Since the methodology adopted by the university system is applicable to the Institute of Technology action, in this connection, has been taken according to the advice of the University Grants Commission.
Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance						
(a) Establishment code for the University Grants Commission and for Higher Educational Institutions							
Section 3.1 of Chapter XX	Emoluments amounting to Rs. 64,883,895 had been paid for the year under review without establishing the attendance of the academic staff.						



Audit Opinion		Description / Action taken					
<table><tr><td>Reference to Laws, Rules, Regulations and Management Decisions</td><td>Non-compliance</td></tr><tr><td>(b) Establishment code of the Democratic Socialist Republic of Sri Lanka</td><td></td></tr><tr><td>Sub – section 4.2.5 of Chapter XXIV</td><td>The balance of Rs. 38,080 recoverable from an officer who resigned from service in May 2012 had not been recovered up to 31 December of the year under review.</td></tr></table>	Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance	(b) Establishment code of the Democratic Socialist Republic of Sri Lanka		Sub – section 4.2.5 of Chapter XXIV	The balance of Rs. 38,080 recoverable from an officer who resigned from service in May 2012 had not been recovered up to 31 December of the year under review.	(b) The forms required to recover the sum of Rs. 38,000 from the provident fund of an officer who resigned from service in May 2012, have been forwarded to the University Grants Commission.
Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance						
(b) Establishment code of the Democratic Socialist Republic of Sri Lanka							
Sub – section 4.2.5 of Chapter XXIV	The balance of Rs. 38,080 recoverable from an officer who resigned from service in May 2012 had not been recovered up to 31 December of the year under review.						
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 end of the year had resulted in a deficit of Rs. 3,754,212 as compared with the corresponding deficit of Rs. 682,036 for the preceding year, thus indicating an increase of Rs. 3,072,176 in the deficit in the year under review as compared with the preceding year. Even though the Government grants received for recurrent expenditure in the year under review had increased by a sum of Rs. 14,420,000, the increase of personnel emoluments by a sum of Rs. 19,313,843 had been the main reason for this increase of the deficit.</p> <p>In considering financial results of 05 preceding years, the financial result in the years 2012, 2014 and in the year under review indicated a deficit. After making adjustments for depreciation on non-current assets in personnel emoluments and government taxes, the contributions had indicated an improvement and it had been a sum of Rs. 11,152,226 by the end of the year under review.</p>		<p>Agreed</p> <p>Since the institute is released from the payment of income tax, no net profit is calculated either before tax or after tax and only a surplus or deficit is ascertained.</p>					



<b>Audit Opinion</b>	<b>Description / Action taken</b>
<b>4. Operating Review</b>	<b>4. Operating Review</b>
<b>4.1 Performance</b>	<b>4.1 Performance</b>
The following observations are made.	
Basic functions such as providing, improving and developing higher education in the academic fields determined in terms of the Universities Act No. 16 of 1978 are covered by a University. The Institute of Technology consisted of four faculties and the number of registered students by the end of the year under review was 1220.	Institute of Technology has 05 Academic Departments and the number of students in the institute at the end of the year under review was 1023.
(a) According to the final year examination results held in the year under review, the number of students appeared for the examination were 430 and 296 out of them or 69% had passed the examination and 134 students or 31% had failed the examination.	According to the methodology generally adopted for the analysis of examination results is the number of students who sit the examination for the first time. Accordingly, 345 students had sat for the examination and 260 that is 75% had passed the examination. The balance 25% includes those students who had completely failed the examination or those who have to complete a subject or two to complete the examination.
(b) Even though it was expected that 85% of students in each faculty would pass the First year Examination in terms of the Action Plan of the year under review, desired targets had not been achieved as the passing percentage had ranged from 62% to 74%.	(b) Various factors attribute for the examination results of the students and according to the activity plan the expected percentage of passes was at 85% this was shown on the basis of results of a very special year among the various reasons for the fluctuation of the number of passes and the percentage from 62% to 76% was the special sills of the relevant group of students. Institute is taking various actions to increase the percentage of passes.
<b>4.2 Underutilization of Funds</b>	<b>4.2 Underutilization of Funds</b>
A sum of Rs. 693,002, the value of two funds namely Research and Development and Technical Institutional Development had been underutilized from around 10 years without utilizing for any purpose.	In respect of funds for Research and Development and development of the Institute of Technology, required criteria is being prepared and necessary action will be taken in future.

Audit Opinion	Description / Action taken												
5. Accountability and Good Governance	5. Accountability and Good Governance												
5.1 Internal Audit	5.1 Internal Audit												
The following observations are made													
(a) The audit functions of the Institute of Technology University of Moratuwa are carried out by one clerk attached by the Institute of Technology under the supervision of the Senior Assistant Internal Auditor of the University of Moratuwa. It had caused in reducing the efficiency and the effectiveness of the Internal Audit Unit.	(a) At the moment the Internal Audit work of the Institute is being done from the institute by a clerk attached to the Internal Audit section under the supervision of the Senior Internal Auditor of the Moratuwa University. Presently this clerk is not subjected to infternal transfers.  After establishing the Institute of Technology at Diyagama premises and the creation of the Internal Audit section. The necessary staff has already been requested. Accordingly steps will be taken to strengthen the internal audit section and its work.												
(b) Functions such as determining the progress of development projects, considering problematic areas relating to projects, conducting site inspections had not been covered by the Internal Audit Unit.	(b) At the moment action is being taken to appoint an Assistant Internal Auditor for the Internal Audit section. Accordingly, action will be taken to include the internal audit work of the projects also to the internal audit work programme.												
5.2 Procurement Plan	5.2 Procurement Plan												
Action had not been taken to purchase 18 items of equipment amounting to Rs. 4,000,000 and a stock of books valued at Rs. 500,000 included in the Procurement Plan for the year under review.	<p>The rates indicated in your audit query no. HED/C/ITUM/2/15/C/04 in respect of acquisition of fixed assets are incorrect and such rates should be corrected to read as follows:-</p> <table><tr><td>Asset</td><td>Unit No.</td><td>Estimated Cost(Rs)</td></tr><tr><td>Photocopier</td><td>02</td><td>1,000,000</td></tr><tr><td>Equipment for Electrical &amp; Electronic Division</td><td>17</td><td>8,500,000</td></tr><tr><td>Books</td><td></td><td>500,000</td></tr></table> <p>Further these rates are only in respect of 03 items as indicated in income and expenditure estimates and the total estimated cost was Rs.20.6 million. However grants received from the treasury in the year 2015 was only 7.0 million. Fixed assets were purchased to the extent of Rs. 7.0 million in the year 2015.</p>	Asset	Unit No.	Estimated Cost(Rs)	Photocopier	02	1,000,000	Equipment for Electrical & Electronic Division	17	8,500,000	Books		500,000
Asset	Unit No.	Estimated Cost(Rs)											
Photocopier	02	1,000,000											
Equipment for Electrical & Electronic Division	17	8,500,000											
Books		500,000											

Audit Opinion		Description / Action taken
<b>6. Systems and Controls</b>		<b>6. System and Controls</b>
The deficiencies in systems and controls observed during the course of audit were brought to the notice of the Director of Institute from time to time. Special attention is needed in respect of the following areas of control.		
<b>Areas of Systems and Controls</b>	<b>Observations</b>	
(a) Assets Management	No disclosing assets at its fair values in the accounts.	(a) Steps have been taken to re-value the fixed assets.
(b) Personnel Administration	Not taking expeditious action against officers who breached agreements and not taking action according to existing rules and regulations.  Not taking action to recover loans expeditiously by regularizing the recovery of loans.	(b) Since these officers were out of the country they were not under our administrative control and the delay caused in communicating with them, it was difficult to take speedy action against them. In future action will be taken to minimize this period of time as far as possible.  Necessary action will be taken to recover the loan balances, as early as possible, from the provident fund of these officers, when releasing their provident fund payments.

**Sgd / Mrs. M.M.P.D Samarasekara**  
**Director**  
**Institute of Technology**  
**University of Moratuwa.**