

**UNIVERSITY GRANTS COMMISSION**

**SRI LANKA**

**THIRTY EIGHTH ANNUAL REPORT**

**2016**



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## UNIVERSITY GRANTS COMMISSION

### A. MESSAGE FROM CHAIRMAN

In the year 2016, commission made several policy decisions to streamline and enhance some key functions and established base settings for several reforms for 2017. These changes are in line with the UGC Strategic plan 2013- 2017 and expected to contribute to implementation of new higher education policy reforms of the government under the direction of the Ministry of Higher Education.

The highlights are given in the executive summary.

Key changes included introduction of Unicode system to help identification of Courses of Studies offered by State Universities and Higher Education Institutes, creation of a student friendly Admission Hand Book and introduction for the first time, an Online application and registration system for student admissions. Admission Department was expanded with more space and new IT literate human resources were recruited to improve function to simplify and secure the quality and transparency of the student selection procedure. Introduction of New Technology Degree Programmes in the state university system in 2016 will help to address the issue of Skills Mis-Match and will increase access to state higher education.

Funding was increased to stimulate academics to register for PhD studies in foreign universities and in split PhD programmes. This will help to improve quality of the university academic staff.

Restructuring of the standing committees and creation of new standing committees for Law, Aesthetic Studies, Education and Technology was made to enhance the quality of implantation of academic programmes and introduction of new relevant degree programmes. All new programmes are now wetted by the new QA Directorate of the UGC before submission to the commission. Representatives from industry and distinguished personalities with specific expertise were invited to UGC standing committees. To increase English literacy of students, after many consultations with university leaders, a system was put in place to upgrade the traditional English Language Teaching Units (ELTU) to English Language Teaching Departments (ELTDs). As

proposed by the newly established Gender Equity and Equality standing committee, a centre was established within UGC to address issues on gender, sexual and gender based violence and ragging. With support of UNESCO and Indian UGC, arrangements were made to implement an Online Complaint mechanism to university students. This system is expected to be fully functional in 2017.

With the support of GIZ Programme of Germany, a circular was issued authorizing the establishment of the University Business linkage (UBLs) to stimulate entrepreneurial skills of students and academic staff and to develop cooperation and building of trust between universities and industry.

Proposal for establishment of an Independent Quality Assurance and Accreditation mechanism in Sri Lankan Higher Education system was the most noteworthy development in 2016. We recognize the valued contribution and cooperation of Ministry of Higher Education in this regard.

Prof. Mohan de Silva

Chairman

University Grants Commission

## B. INTRODUCTION

The University Grants Commission (UGC) which functions as the apex body of the state university system in Sri Lanka was established on 22<sup>nd</sup> December 1978 under the Universities Act No. 16 of 1978. The functions of the UGC include planning and coordination of higher education, allocation of funds, maintenance of academic standards, regulation of admission of students and regulation of the administration of State Higher Educational Institutions (HEIs).

The Chairman is the Chief Executive Officer and Accounting Officer of the Commission and is in control of the day to day administration of the affairs of the Commission and chairs the meetings of the Commission. There are Departments, Divisions and Units with allocated duties and functions at the UGC to coordinate and streamline activities of the UGC. The State HEIs established under the University Act include 15 Universities, 11 Postgraduate Institutes and 7 Institutes. In each University the governing authority is the Council while the supreme academic body is the Senate. The Chief Executive Officer in a University and Institute is the Vice Chancellor and Director respectively.

## C. VISION AND MISSION

### VISION OF THE UGC

Sri Lanka to be the knowledge hub in the region and a leader in higher education in Asia by 2020

### MISSION OF THE UGC

To guide, establish and develop through good governance and management a sustainable, widely acclaimed and accessible higher education system dedicated to quality teaching learning, high impact research, innovative enterprise, constructive community engagement, peace & harmony and strategic international cooperation in line with national development.

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## D. ROLE OF THE UGC

The Commission is mandated by the Universities Act No. 16 of 1978 with the following main objectives:

1. Planning and coordination of university education so as to conform to national policy
2. Apportionment of Higher Educational Institutions, of the funds voted by parliament in respect of university education, and the control of expenditure by each such Higher Educational Institution
3. Maintenance of academic standards in Higher Educational Institutions
4. Regulation of administration of Higher Educational Institutions
5. Regulation of admission of students to each Higher Educational Institution, and Exercise, performance and discharge of such powers, duties and functions as are conferred, imposed on, or assigned to the Commission by or under Universities Act No. 16 of 1978.

### 1. EXECUTIVE SUMMARY

This Annual Report reviews the activities carried out by the University Grants Commission (UGC) during the year 2016. Key highlights and achievements during the year 2016 encapsulates the areas of Admission of Students to Universities, Academic & Research Development, Staff Development, Infrastructure Development, Information Technology (IT) Development, Quality Assurance, Financial Administration & Management, and Academic Cooperation & Research Collaboration with foreign universities.

In planning and execution of the activities described in the Annual Report the Goals, Objectives and Key Performance (KPI) of the UGC Strategic Plan 2013-2017, emerging expectations and needs of the country, human requirements in the proposed knowledge based economy and the policies of the Sri Lankan Government was taken in to account.

#### Admission of Students to Universities / State HEIs

An important Goal in the UGC Strategic Plan 2013-2017 is to increase access to Undergraduate and Postgraduate Education. In 2016 as a result of establishment of new Faculties, Departments of Study, commencement of new Study Programmes (details indicated below) and with inputs to enhance the capacity of existing Study Programmes it was possible to increase the student enrolment to State Higher Education Institutions (HEI) for the Academic Year 2015/2016.

A total of **155,550** students qualified to apply for University admission to HEI for the Academic Year 2015/2016. The undergraduate student admissions to HEI under normal provisions were done at the end of 2016 based on the criteria adopted for that year. The proposed student intake for 2015/2016 was 27,603. The total number of students selected under normal provisions on the basis of the Z score was 26,541. In addition 2,409 students were selected under special provision. The total number Selected was 28,950.

The extra numbers Selected to the respective Faculties in 2016 are listed below:

Technology	2030
Medicine	70

Science	575
Engineering	208
Agriculture	45
Architecture/Design/Town & Country Planning	20
Paramedical	170
Management and Commerce	590
Humanities and Social Sciences	1816
Siddha Medicine	40

The UGC successfully launched the online system on 8<sup>th</sup> May 2015 for the first time to call applications from the prospective candidates with the purpose of admitting students to Universities from the academic year 2015/2016 with minimal time possible. About 33.8% of the students used this facility. The online registration system facility usage was 100%. However, from the Academic Year 2016/2017 it is expected that 100% of the students will use the online facility to submit applications to UGC for university admission, since it has been made compulsory to apply for university admission via online.

To simplify and modernize the admission process further, a new student-friendly admission hand book and a unique Identification Code (UNI CODE) was introduced in 2016. In addition to above measures other several effective actions have been taken by the UGC to reduce the time interval between the release of GCE Advanced Level (A/L) examination results and admission of students to state universities. These measures included the increase in human and other resources at the UGC to enhance efficiency in the admission process, conduct of workshops for students and teachers to impart knowledge in the new admission processes, use of IT facilities from outside sources to streamline the online application and registration process and to design a student friendly “Admission Hand Book”

### **Academic & Research Development**

During the period under review, 1 course of study and 38 new undergraduate degree programmes & 15 new postgraduate programmes were introduced to increase opportunities for students to have access to higher education. This is in comparison to 27 & 4 introduced last year.

Ministry of Education together with the National Institute of Education (NIE) introduced a Technological Subject Stream in 2013 for the G.C.E (A/L) Examination held in 2015. The UGC accordingly approved the degree programmes in Technology Stream & Faculties of Technology to register students for academic year 2015/2016. Accordingly, 7 Faculties of Technology were established in Universities of Kelaniya, Sri Jayewardenepura, Jaffna, Ruhuna, Colombo, South Eastern and Eastern University. The total number of students selected in the first batch in 2015/2016 for all faculties was 2,030.

### **Quality Assurance & Accreditation**

The Quality Assurance is one of the main statutory responsibilities of the UGC and is considered to be a continuous and on-going process. Therefore, as per Commission Circular No. 04/2015 dated 5<sup>th</sup> May 2015 all Universities have established an “Internal Quality Assurance Unit” (IQAU), headed by a Director-IQA to plan, organize, develop, facilitate and monitor all internal quality assurance programs and activities. The Quality Assurance Accreditation Council (QAAC) of the UGC has been shifted to a spacious

office with dedicated support staff. A new full time Director/QAAC to provide leadership was appointed in 2016.

The UGC, Ministry of Higher Education & Highways (MHEH) and relevant stake holders had several meetings to discuss the need to establish a National Body to ensure quality and relevance of degree programmes in state and non-state Higher Educational Institutions. In principle there is an agreement that it is desirable to establish such a national "Quality Assurance and Accreditation Commission". The necessary action will be taken by the UGC and MHEH to finalize the proposal and present an Act to Parliament for discussion and approval.

The action plan has been finalized to initiate and complete the first Quality Assurance (QA) cycle in all 15 Universities in 2017 as per new Quality Assurance (QA) and Sri Lanka Qualifications Framework (SLQF) manuals. The funding will be made available from the World Bank Project Accelerating Higher Education Expansion and Development Operation Project (AHEAD) which will become operational in Mid-2017.

### **Grants for Postgraduate Studies and Research Activities**

The grants are necessary to improve the quality of the academic staff to ensure high standards in study programmes. A total sum of Rs.513 million was provided to 53 academics to register for PhD studies. A total of 40 Research Grants to 40 academics were provided. The total value of the grants was Rs.112.8 million. These funding are significantly higher compared to the grants made available in 2015. The UGC jointly with the Queensland University of Technology (QUT), Australia has launched a split PhD Programme for the benefit of the junior academics at the universities. QUT, leading seat of higher learning in Australia, has research strengths particularly in Science, Engineering, Technology and Health Sciences. The programme launched in 2013 and successfully continued for its third year in 2016. The evaluation process of applications under this scheme is basically similar to that of the Postgraduate Grants Scheme of the UGC. Thirteen lecturers have submitted applications under this programme and interviewed held on 19<sup>th</sup> May 2016. Accordingly, eleven candidates have secured admission for higher studies at QUT selected for receiving financial assistance from the UGC. Response from QUT in respect of other 02 applications is still awaited.

### **Conferences and Workshops**

Several National and International Level Conferences and Workshops were conducted by UGC on matters of national importance with the presence of eminent scholars and personalities in various fields. These were organized by different Departments, Divisions, Standing Committees, Division of Research and International Corporation (DRIC), Quality Assurance and Accreditation Council (QAAC) and Centre for Gender Equity and Equality (GEE) and others.

### **Student Affairs**

The total number of Mahapola recipients stood at 47,704. There were 24,609 bursary recipients and 84 Endowed/Other Scholarship recipients during the year 2016.

The UGC with Ministry of Higher Education and Highways implemented the decision of the Government to increase the Mahapola Scholarship from Rs.2,500/- to 5,000/- and student Bursaries from Rs. 2,000/- to Rs. 4,000/-.

The UGC assisted the MHEH to implement the decision of the Government to provide Interest free loans to purchase laptops.

It is the plan of the UGC and MHEH to provide residential facilities to all students by the end of 2018 when the initiated Student Hostel project is completed.

**Enhancing the relevancy of university education to the job market; to address the issue of “Skills miss-match”**

- A. Introduced several new nationally and regionally relevant degree programmes:
- Twenty five new Technology programmes in Engineering Technology, Bio Systems
  - Technology and Information Communication Technology - 7 New Technology Faculties in University of Colombo, University of Sri Jayewardenepura, University of Kelaniya, University of Ruhuna, University of Jaffna, Eastern University, Sri Lanka and South Eastern University of Sri Lanka
  - Initiated the establishment of a new Medical Faculty in Wayamba University of Sri Lanka.
- B. Initiated processes to diversify the Existing Humanities and Social Science Degree Programmes by introducing Basic Mathematics, Statistics, IT and English with compulsory credits, to enhance their skills and competencies without curtailing the number of students admitted for Humanities and Social Sciences.

**Support Students for Capacity Building in IT & English**

In all Universities English Language Teaching Departments (ELTDs) replacing the English Teaching Units (ELTU) were established to enhance speaking, writing and communication ability of undergraduates. In addition action was also taken to empower and support capacity building of English language among teachers.

The Skills in English and IT is very essential to meet the present day emerging demands in the state and corporate sector. Hence to support the students to develop and acquire these skills the UGC funded to create on-line English and IT Learning Module accessible to all selected students prior to enrolment to universities, with a facility to obtain a certificate of successful completion of the module on line. The students will be further encouraged to develop these skills after enrolment. Funding from the World Bank HETC project too was made available to support this activity.

**Gender Equity and Equality, Sexual and Gender Based Violence and Ragging in Universities**

Addressing issues on Gender Equity and Equality, Sexual and Gender Based Violence and Ragging in Universities following measures have been taken by the UGC.

- Create awareness on gender issues, gender based violence and menace of ragging in Sri Lankan Universities by using electronic and print media and organizing symposia/workshops.
- Established a New Standing Committee named ‘Gender Equity and Equality Standing Committee’.

- Established a New Centre for Gender Equity and Equity at the UGC with a Director to address issues on gender, gender based violence and ragging.
- Initiated a mechanism for anonymous online complaints for university students.
- Introduced an Affidavit in the new University Hand Book, to be signed by the students and parents at the time of registration of students for 2016/2017 intake, as confirmatory evidence of their awareness of the consequence of violence and ragging in universities as per Ragging Act 1998.

### **Staff Development**

In 2016, a total of 717 (2015-156) new cadre posts were approved by the Treasury, with which the total approved cadre of the University system increased to 29,754.

All fifteen Staff Development Centers in Universities (SDCs) regularly conducted induction training programmes for Academic Staff. Short term training programs, workshops, outbound training etc. for all categories of staff including Academic, Administrative, Financial, Executive, Technical, Non-Academic, Clerical, Minor categories were conducted.

In keeping with the UGC policy, with a broad goal of attaining excellence in academic governance and delivery, financial assistance amounting to Rs.151Mn for 53 Academics was awarded under Postgraduate Research Award Scheme (compared to Rs.69.8 Mn awarded in 2015) for the purpose of reading for Master's (MPhil) and Doctoral degree (PhD) programmes in Sri Lanka or any other country and enabling to undertake postgraduate research addressing regional needs and issues.

In addition, 53 grants were provided to academics under local research grants scheme to obtain Postgraduate qualifications. The total value of the grants was 151 Mn. Apart from that Rs.4.3 Mn was granted by way of air passage for academic staff in Universities/HEIs to proceed abroad to obtain postgraduate qualifications. The state organizations such as National Science Foundation (NSF) and National Research Council (NRC) too provided treasury funding to academics to promote research capacity and to facilitate to obtain postgraduate qualifications.

### **Infrastructure Development**

The details of the completed projects and the ongoing projects with the allocated funds are listed below:

To improve the student learning environment and residential facilities the following infrastructure development new projects have been completed in 2016.

- Student Hostels – 73 (Rs.12,943 Mn)
- Academic buildings -148 (Rs.4,406 Mn)
- Student recreation facility - 43 (Rs.254 Mn)
- Administrative buildings - 9 (Rs.282 Mn)
- Staff Quarters – 11 (Rs.655 Mn)

The ongoing new projects are:

- Student Hostels – 34 (Rs.6,559 Mn)
- Academic buildings -113 (Rs.29,164 Mn)
- Student recreation facility - 29 (Rs.3,026 Mn)

- Administrative buildings - 5 (Rs.667 Mn)
- Staff Quarters – 11 (Rs.655 Mn)

The ongoing four storied Building of the UGC Secretariat was commenced on 29<sup>th</sup> May 2015 and is expected to complete before the end of 2017.

### **Enhancing the University –Business Linkages (UBL)**

The following activities were carried out in 2016 to promote UBL:

- Created a new system to enhance University - Business Linkages (UBL) by issuing a new UGC Circular, authorizing the establishment of University- Business Cells with the support of GIZ Programme.
- Invited representatives of the Employers Federation of Sri Lanka, and to invited representations from Ceylon Chambers of Commerce and National Chamber of Commerce to UGC Standing Committee on Humanities and Social Sciences, to support the development of sustainable processes for Capacity Building of graduates of Humanities and Social Sciences

### **Information Technology (IT) Development**

During the year under review, Softwares were developed for online payments, automation of Tapol Unit operations, to record and access legal cases and for students to lodge ragging related complaints. The UGC V-LAN network was expanded to accommodate the expanding activities of the UGC. During the year two new Websites for Quality Assurance and Accreditation Council and Centre for Gender Equity and Equality were developed.

### **Financial Administration and Management**

The University Grants Commission has requested fund allocation for the year 2016 and Treasury had approved Rs.48,826 Mn for both Recurrent and Capital expenditure.

Compared to previous year, in 2016 allocation recurrent grants have increased by 40% in order to cover the cost of salary which was increased by the Government to the university system.

The Audit Committee of the UGC met on 6 occasions during 2016 and the Central Internal Audit Division of the UGC had issued 18 Internal Audit Reports out of which 07 reports pertaining to the University Grants Commission and 11 reports for the HEIs in order to assist in improving financial management through good governance and management practices introduced by the Treasury.

During the year under review, UGC issued 19 Commission Circulars (14 in 2015) on new subjects, while by others previous Circulars were updated and 14 Establishment Circulars on new subjects were also issued as the supreme advisory and regulatory body of higher education, in order to ensure smooth functioning of the UGC and Higher Educational Institutions in coming year.

## **Accelerating Higher Education Expansion Development (AHEAD) Project**

This is a project of the World Bank. The relevant areas in the project have been finalized with the MHEH, UGC and the Treasury. A sum of USD 100 Million will be made available. The scope of AHEAD will be to support identified activities in the MHEH, UGC, 15 state universities, SLIATE, ATIs and non-state HEIs (Degree Awarding Institutes) approved by the MHEH. The development and strengthening of the above higher education agencies will be supported under AHEAD, except for major infrastructure projects which are already being financed by other development agencies and overseas governments. The activities of the project will commence in July 2017 and required funds will be made available.

The Program component of AHEAD will support identified activities which will fall under three strategic results areas given below:-

- Increasing Enrollment in Higher Education in Priority Areas for Economic Development
- Improving the Quality of Higher Education
- Strengthening the Stewardship of Higher Education

## **2. UGC MANAGEMENT**

### **Chairman**

**Prof Mohan de Silva**

MS, FRCS Edin, FCSSL

Senior Professor of Surgery and Chair in Surgery

Faculty of Medical Sciences, University of Sri Jayewardenepura

Hony. Consultant Surgeon, Colombo South Teaching Hospital

### **Vice-Chairman**

**Prof P S M Gunaratne**

BSc (Bus.Ad.) (SJP), MBA (Col), MSc and PhD (Tsukuba, Japan)

Commonwealth Fellow (Manchester UK), JSPS Fellow (Yokohama, Japan)

Professor in Finance, University of Colombo.

### **Members**

**Prof Malik Ranasinghe**

BSc Eng(Hons), MASc (UBC), PhD (UBC), C Eng, Int PE, FIE (SL), FNAS (SL)

**Prof R Kumaravadivel**

BSc (Hons), PhD (Bristol)

**Prof Hemantha Senanayake**

MBBS, MS (Obstetrics & Gynecology), FRCOG, FSLOG, FRCS(ED)

**Dr Ruvaiz Haniffa**

MBBS, DFM, Pig Dip., MSc, MD, FCGP, MRCGP

**Dr Wickrema Weerasooria**

LLB (Ceylon), PhD (London), Attorney-at-Law

**Representative of the Treasury**

**Dr P K G Harischandra** (from 24.04.2016)

Phd in Economics University of Mancheste, UK, MSc Economics University of Manchester, UK

MBA University of Colombo, B. Com University of Kelaniya

**Secretary**

**Dr Priyantha Premakumara**

B.Sc (Hons), MBA (CMB), PhD (Wuhun)

(The above members to the 9<sup>th</sup> University Grants Commission was appointed on 04.03.2015)

**3. UNIVERSITY AND INSTITUTE MANAGEMENT**

**3.1 University of Colombo**

**Chancellor**

His Grace the Arch Bishop Most Rev. Dr. Oswald Gomis, Emeritus Archbishop

**Vice-Chancellor**

Prof Lakshman Dissanayake

**Registrar**

Mr K A S Edward

**3.2 University of Peradeniya**

**Chancellor**

Prof P W Epasinghe

**Vice-Chancellor**

Prof U B Dissanayake

**Registrar**

Mr U D Dodanwala

**3.3 University of Kelaniya**

**Chancellor**

Most Ven. Welamitiyawe Dharmakirthi Sri Kusaladhamma Thero

**Vice-Chancellor**

Prof Y M Sunanda Madduma Bandara

**Registrar**

Mr W M Karunaratne

**3.4 University of Sri Jayewardenepura**

**Chancellor**

Ven Prof Bellanwila Wimalarathana Thero

**Vice-Chancellor**  
Prof Sampath Amarathunge

**Registrar**  
Mr K G Britto

**3.5 University of Moratuwa**

**Chancellor**  
Vidya Jyothi Prof.K.K.Y.W Perera

**Vice-Chancellor**  
Prof A K W Jayawardane

**Deputy Vice-Chancellor**  
Prof R A Attalage

**Registrar**  
Mr A L Joufer Sadique

**3.6 University of Jaffna**

**Chancellor**  
Prof S Pathmanathan

**Vice-Chancellor**  
Prof (Mrs) Vasanthi Arasaratnam

**Registrar**  
Mr V Kandeepan (From 01.01.2016 to 10.03.2016)  
Mr.N Rajavishan (Acting) (From 11.03.2016 to 31.12.2016)

**3.7 University of Ruhuna**

**Chancellor**  
Most Venerable Rajakeeya Panditha Pallaththara Sumanajothi Nayaka Thero

**Vice-Chancellor**  
Prof Gamini Senanayake

**Deputy Vice-Chancellor**  
Dr A M N Alagiyawanna

**Registrar**  
Ms P S Kalugama

**3.8 Open University of Sri Lanka**

**Chancellor**  
Prof Colvin Goonaratna

**Vice-Chancellor**  
Prof S A Ariyadurai

**Deputy Vice-Chancellor**  
Prof Kamal B Gunaherath

**Registrar**  
Ms W L Vindya Jayasena

**3.9 Eastern University, Sri Lanka**

**Vice-Chancellor**  
Prof T. Jayasingam

**Deputy Vice- Chancellor**  
Dr K.E Karunakaran

**Registrar**  
Mr V.Kandeepan ( From 10.03.2016 to 31.12.2016)  
Mr A Pahirathan (Acting) (From 01.02.2015 to 09.03.2016)

**3.10 South Eastern University of Sri Lanka**

**Chancellor**  
Prof Achi M Ishaq

**Vice-Chancellor**  
Prof M M M Najim

**Registrar**  
Mr H Abdul Saththar (From 01.01.2016 to 31.07.2016)  
Mr M.I Nawfer (Acting) ( From 01.08.2016 to 31.12.2016)

**3.11 Rajarata University of Sri Lanka**

**Chancellor**  
Prof Leel Gunasekara

**Vice-Chancellor**  
Prof K H Ranjith Wijeyawardena

**Registrar**  
Mr A M G B Abeysinghe

**3.12 Sabaragamuwa University of Sri Lanka**

**Chancellor**  
Rev Prof Kumburugamuwe Vajira Thero

**Vice-Chancellor**  
Prof Chandana P Udawatta

**Registrar**  
Mr M.F. Hibathul Careem

**3.13 Wayamba University of Sri Lanka**

**Chancellor**

Prof. Tuley De Silva

**Vice-Chancellor**

Prof S J B A Jayasekera

**Registrar**

Mr G Piyaratne

**3.14 Uva-Wellassa University of Sri Lanka**

**Chancellor**

Ven Bengamuwe Dhammadinna Thero

**Vice-Chancellor**

Dr G Chandrasena

**Registrar**

Mr A G Karunarathne (on assignment basis)

**3.15 The University of the Visual and Performing Arts**

**Chancellor**

Padma Shri Pandith Dr. W.D. Amaradewa

Sangeeth Nipun Prof. Sanath Nandasiri (From 23.11.2016)

**Vice-Chancellor**

Prof Ariyaratne Kaluarachchi

**Registrar**

Mr B M Dayawansa

**3.16 Postgraduate Institute of Agriculture**

**Director**

Prof S Samita

**3.17 Postgraduate Institute of Pali & Buddhist Studies**

**Director**

Ven. Prof Kotapitiye Rahula Thero

**3.18 Institute of Indigenous Medicine**

**Director**

Dr (Mrs) S D Hapuarachchi

**3.19 Institute of Human Resource Advancement**

**Director**

Prof J A S K Jayakody

**3.20 Postgraduate Institute of Medicine****Director**

Prof H J de Silva

**3.21 Postgraduate Institute of Archaeology****Director**

Prof Jagath Weerasinghe

**3.22 Postgraduate Institute of Management****Director**

Prof Ajantha Dharmasiri

**3.23 University of Colombo School of Computing****Director**

Prof K P Hewagamage

**3.24 Gampaha Wickramarachchi Ayurveda Institute****Competent Authority**

Prof Jayantha Welihinda

**3.25 Postgraduate Institute of Science****Director**

Prof H M D Namal Priyantha

**3.26 National Institute of Library and Information Sciences****Director**

Mr R P Ranaweera

**3.27 Institute of Technology University of Moratuwa****Director**

Mrs M M P D Samarasekara

**3.28 Institute of Biochemistry, Molecular Biology & Biotechnology****Director**

Dr Shiroma Handunneththi

**3.29 Swamy Vipulananda Institute of Aesthetic Studies****Director**

Dr Sivagananam Jayasekar

**3.30 Postgraduate Institute of English****Director**

Dr (Mrs) H V M Ratwatte

**3.31 National Centre for Advanced Studies in Humanities and Social Sciences**

**Director**

Prof P S M Gunarathne (Acting)

**3.32 University of Colombo, Institute for Agro-Technology and Rural Sciences**

**Director**

Mr M P Piyathilake

**4. ADMISSION OF STUDENTS TO UNIVERSITIES  
(Normal admissions and under Special provisions)**

**Selection of students to Universities for the Academic Year 2015/2016**

(Based on the results of the G.C.E. (A/L) examination held in August 2015)

During the period under review, the University Grants Commission published the Book on “**Admissions to Undergraduate Courses of the Universities in Sri Lanka-2015/2016**” in February 2016.

This Book is the guide for admissions for the academic year 2015/2016. The proposed number of student admissions to different study programmes and the details of faculties were indicated in the book. The applications for University Admission from the students who sat for the G.C.E. (A/L) Examination in August 2015 were called in April 2016. The closing date for the applications was 16<sup>th</sup> May 2016.

**The Total proposed number was 28,950.** This is a 10% increase when compared with the last year. The respective numbers under **6 streams** (Arts, Biological Sciences, Physical Sciences, Engineering Technology, and Biosystems) in the **99 undergraduate programmes** available in all above 22 Higher Educational Institutions (HEIs) which were listed in the Book.

- **Selected number under normal provision 26,541**
- **Selected number under special provision 2,409**

According to the Department of Examinations **309,069 candidates sat for the 2015 G.C.E. (A/L) examination** (236,072 candidates were school applicants and 72,997 private applicants). Of this number **155,550 students qualified for University admissions (50.3%)**.

**4.1.1 Selected number under Normal Provision (Total 26,541)**

The UGC received 68,299 applications. The cut-off marks for each undergraduate degree program for the academic year 2015/2016 were issued in September 2016 and 26,541 students were selected under normal provision from the applied students. The percentage selected under normal provision out of the qualified and applied are 17.1% and 38.8 % respectively.

4.1.2 The following admissions policy was applied in the selection of students for university admission for the academic year 2015/2016.

4.1.3 Selection of students for university admission will be determined on the basis of rank order on average Z-Scores obtained by candidates at the G.C.E. (A/L)

Examination held in year 2015 released by the Commissioner General of Examinations.

- 4.1.4 In the case of Arts courses [i.e. Arts, Arts (SP), Arts (SAB), Communication Studies, Peace & Conflict Resolution, Islamic Studies, Arabic Language] admission will be made on an all island merit basis subject to the condition that the total number admitted from a given district will not be below the total number admitted from that district in the academic year 1993/1994 or 2002/2003, whichever is greater.
- 4.1.5 Admission to all courses other than the courses stated in 2.1.2. above will be made on a dual criteria, namely:
- All Island Merit
  - Merit on District basis
- 4.1.5.1 Up to 40% of the available places will be filled in order of z scores ranked on an all island Merit basis.
- 4.1.5.2 Up to 55% of the available places in each course of study will be allocated to the 25 administrative districts in proportion to the total population, that is, on the ratio of the population of the district concerned to the total population of the country.
- 4.1.5.3 A special allocation up to 5% of the available places in each course of study will be allocated to the under-mentioned 16 educationally disadvantaged districts in proportion to the population, that is, on the ratio of the population of each such district to the total population of the 16 districts;

- |                 |                  |
|-----------------|------------------|
| 1. Nuwara Eliya | 9. Batticaloa    |
| 2. Hambantota   | 10. Ampara       |
| 3. Jaffna       | 11. Puttalam     |
| 4. Kilinochchi  | 12. Anuradhapura |
| 5. Mannar       | 13. Polonnaruwa  |
| 6. Mullaitivu   | 14. Badulla      |
| 7. Vavuniya     | 15. Monaragala   |
| 8. Trincomalee  | 16. Ratnapura    |

In admitting students to courses other than Arts, it was ensured that the district quota allocated to any district was not below the district quota allocated for that district during the academic year 1993/1994.

#### **New Courses of Study and Intake (Total 2075)**

During the academic year 2015/2016 following new courses of study was added to the list of courses of study available in the University system. The new courses with the intake for the respective courses are listed in the table below:

	Course of Study	University	Intake
1	Engineering Technology	University of Sri Jayewardenepura University of Kelaniya University of Jaffna	775

		University of Ruhuna Sabaragamuwa University of Sri Lanka Rajarata University of Sri Lanka Wayamba University of Sri Lanka Uva Wellassa University of Sri Lanka	
2	Biosystems Technology	University of Sri Jayewardenepura University of Jaffna Eastern University of Sri Lanka South Eastern University of Sri Lanka Rajarata University of Sri Lanka Sabaragamuwa University of Sri Lanka Wayamba University of Sri Lanka Uva Wellassa University of Sri Lanka	625
3	Information Communication Technology	University of Sri Jayewardenepura University of Kelaniya Vavuniya Campus University of Ruhuna South Eastern University of Sri Lanka Rajarata University of Sri Lanka	425
4	Physical Science-ICT	University of Kelaniya University of Sri Jayewardenepura	100
5	Marine & Fresh Water Sciences	University of Ruhuna	50
6	Food Business Management	Sabaragamuwa University of Sri Lanka	50
7	Teaching English as a Second Language	University of Kelaniya	50
		<b>Total</b>	<b>2075</b>

**The selected number for the year Academic Year 2015/2016 under the normal provision and selected numbers for previous two years (for comparison purposes) are listed below:**

Course of study	Number Selected Normal 2015/2016	Number selected Normal 2014/2015	Number selected Normal 2013/2014
1. Medicine	1242	1,223	1,234
2. Dental Surgery	78	78	102
3. Veterinary Science	79	98	116
4. Agriculture	569	604	627
5. Food Science & Nutrition	108	108	118
6. Biological Science	1253	1,397	1,380
7. Applied Sciences (bio.)	208	208	212
8. Engineering	1636	1,486	1,494
9. Engineering (EM)	48	48	58
10. Engineering (TM)	58	48	57
11. Quantity Surveying	123	123	130
12. Computer Science	332	297	297
13. Physical Science	1880	1,941	1,932

14.	Surveying Science	78	78	61
15.	Applied Sciences (Phy.)	442	412	414
16.	Management	3825	3,760	3,619
17.	Estate Mgt.& Valuation	58	59	69
18.	Commerce	643	630	587
19.	Arts	4851	4,827	4,744
20.	Arts (SP) / Mass Media	79	79	79
21.	Arts(SAB)	224	226	198
22.	Management Studies (TV)-A	198	172	204
23.	Architecture	53	53	54
24.	Design	41	48	44
25.	Law	346	346	368
26.	Information Technology	198	198	199
27.	Management & Information Tech.	48	48	48
28.	Management (Public) (Special)	73	73	85
29.	Communication Studies	98	74	74
30.	Town & Country Planning	48	48	65
31.	Peace & Conflict Resolution	33	33	34
32.	Ayurvedic Medicine & Surgery	296	296	288
33.	Unani Medicine & Surgery	58	58	63
34.	Fashion Design & Product Development	48	38	38
35.	Food Science & Technology	148	158	140
36.	Siddha Medicine	98	98	98
37.	Nursing	223	223	210
38.	Information & Communication Tech.	148	148	148
39.	Agricultural Technology & Management	199	198	218
40.	Arts (SP) / Performing Arts	79	79	79
41.	Health Promotion	48	48	50
42.	Pharmacy	118	118	110
43.	Medical Laboratory Sciences	113	113	117
44.	Radiography	43	43	47
45.	Physiotherapy	58	59	75
46.	Environmental Conservation & Management	48	48	51
47.	Facilities Management	48	48	52
48.	Transport & Logistics Management	53	53	52
49.	Molecular Biology and Biochemistry	58	59	75
50.	Industrial Statistics & Mathematical Finance	88	88	88
51.	Statistics & Operations Research	48	48	49
52.	Computation & Management	48	48	61
53.	Fisheries & Marine Sciences	58	58	61
54.	Islamic Studies	250	248	198
55.	Science & Technology	58	58	58
56.	Computer Science & Technology	58	58	58
57.	Entrepreneurship & Management	63	63	63
58.	Animal Science	58	58	58

59.	Music	362	371	392
60.	Dance	326	322	326
61.	Art & Design	33	28	28
62.	Drama & Theatre	83	83	83
63.	Visual & Technological Arts	41	48	48
64.	Export Agriculture	58	58	58
65.	Tea Technology & Value Addition	58	58	58
66.	Industrial Information Technology	58	58	60
67.	Mineral Resources & Technology	59	58	59
68.	Business Information Systems (Special)	48	48	54
69.	Management & Information Technology(SEUSL)	118	108	115
70.	Computing & Information Systems	98	98	78
71.	Physical Education	48	38	48
72.	Sports Sciences & Management	88	88	88
73.	Speech & Hearing Sciences	48	48	74
74.	Arabic Language	198	198	145
75.	Visual Arts	96	96	95
76.	Animal Science & Fisheries	48	49	52
77.	Food Production & Technology Management	58	58	60
78.	Aquatic Resources Technology	58	58	58
79.	Palm and Latex Technology & Value Addition	58	58	58
80.	Hospitality, Tourism & Events Management	63	63	63
81.	Information Technology & Management	99	98	114
82.	Tourism & Hospitality Management	119	118	139
83.	Agriculture Resource Management & Tech.	148	149	157
84.	Agribusiness Management	48	49	52
85.	Green Technology	48	48	48
86.	Information Systems	98	98	98
87.	Landscape Architecture	47	40	48
88.	Translation Studies	71	71	72
89.	Software Engineering	48	48	53
90.	Film & Television Studies	48	48	-
91.	Project Management (new)	48	49	-
92.	Engineering Technology (new)	767	-	-
93.	Biosystems Technology (new)	620	-	-
94.	Information Communication Technology (new)	422	-	-
95.	Teaching English as a Second Language (TESL)	48	-	-
96.	Marine and Freshwater Sciences (new)	48	-	-
97.	Food Business Management (new)	48	-	-
98.	Physical Science –ICT (new)	98	-	-
<b>Total number proposed</b>		<b>27,603</b>	<b>25,395</b>	<b>24,540</b>

<b>Total number selected under normal provisions</b>	<b>26,541</b>	<b>24,343</b>	<b>24,180</b>
<b>Total number selected under Special provisions mentioned</b>	<b>2,809</b>	<b>1,333</b>	<b>1,020</b>
- Students who have excelled in fields other than studies at National/International level			
- Admission of students with foreign qualifications			
- Enlisted personnel of the Armed Forces, Police Service & Special Task Force			
- Admission under Additional Intake for Special Subjects,			
- Blind & Differently Abled			
- Admission of Teachers			
- Appeals			
<b>Total number selected under Normal &amp; Special provisions</b>	<b>28,950</b>	<b>25,676</b>	<b>25,200</b>

## 5. ACADEMIC DEVELOPMENT AND MAINTENANCE OF ACADEMIC STANDARDS

### 5.1 Standing Committees

Standing Committees have been established by the UGC in accordance with the provisions made under Section 4(2) of the Universities Act No. 16 of 1978 as amended. The responsibility of each Standing Committee is to report and make recommendations to the UGC on matters pertaining to higher education in the respective areas. Accordingly, Twenty (20) Standing Committees and one (1) other Committee functioned under the purview of the Academic Affairs Division of the University Grants Commission for various disciplines during the year 2016. Another Standing Committee is convened by the Human Resources Department of the UGC.

Number of meetings held under each Standing Committee is given below;

No	Name of the Standing Committee	Number of meetings held in 2016
01.	Standing Committee on Career Guidance	02
02.	Standing Committee on Medical & Dental Sciences	06
03.	Standing Committee on Quality Assurance & Accreditation	06
04.	Standing Committee on Indigenous Medicine	05
05.	Standing Committee on Sciences	05
06.	Standing Committee on Gender Equity/Equality in Higher Education	-
07.	Standing Committee on Agriculture, Veterinary Medicine & Animal Sciences	05
08.	Standing Committee on Postgraduate Studies and Research	03
09.	Standing Committee on Engineering and Architecture	06
10.	Standing Committee on Technology Stream	06
11.	Standing Committee on Humanities Social Sciences	06
12.	Standing Committee on Education	02
13.	Standing Committee on Teaching English as a Second Language	04

14.	Standing Committee on Management Studies	05
15.	Standing Committee on External Degrees	01
16.	Standing Committee on Computing	06
17.	Standing Committee on Legal Studies	02
18.	Standing Committee on Libraries and Information Sciences	05
19.	Standing Committee on Fine Arts	01
20.	Standing Committee on Staff Development	
	Committee to study Applications for Recognition of Qualifications/ Degree Awarding Institutions	04

## 5.2 Approved Branches /Faculties/Departments/Centres in year 2016

### Approved Branches in Year 2016

No	Name of the Branch	University/HEI
1.	Postgraduate Institute of Agriculture	PGIA – Colombo Branch

### Approved Faculties in Year 2016 (09)

No	Name of the Faculty	University/HEI
1.	Faculty of Technology	University of Colombo
2.	Faculty of Nursing	University of Colombo
3.	Faculty of Business	University of Moratuwa
4.	Faculty of Technology	University of Jaffna
5.	Faculty of Technology	University of Ruhuna
6.	Faculty of Technology	Eastern University, Sri Lanka
7.	Faculty of Technology	South Eastern University of Sri Lanka
8.	Faculty of Technology	Sabaragamuwa University of Sri Lanka
9.	Faculty of Medicine*	Wayamba University of Sri Lanka

\* Approved at year 2015 & Gazette Published on year 2016.

### Approved Departments in Year 2016 (34)

No	Name of the Department	University/HEI
1.	Department of Medical Education	University of Colombo
2.	Department of Medical Humanities	University of Colombo
3.	Department of Buddhist Studies	University of Colombo
4.	Department of Allied Health Sciences	University of Colombo
5.	Department of Instrumentation and Automation Technology	University of Colombo
6.	Department of Environmental Technology	University of Colombo
7.	Department of Agricultural Technology	University of Colombo
8.	Department of Information and Communication Technology	University of Colombo
9.	Department of Fundamental Nursing	University of Colombo
10.	Department of Clinical Nursing	University of Colombo
11.	Department of Basic Science/Social Science for Nursing	University of Colombo
12.	Department of Basic Sciences	University of Peradeniya
13.	Department of Criminology and Criminal Justice	University of Sri Jayawardenepura
14.	Department of Languages	University of Moratuwa
15.	Department of Decision Sciences	University of Moratuwa
16.	Department of Industrial Economics and Management	University of Moratuwa
17.	Department of Management of Technology	University of Moratuwa

18.	Department of Biosystems Technology	University of Jaffna
19.	Department of Engineering Technology	University of Jaffna
20.	Department of Inter Disciplinary Studies	University of Jaffna
21.	Department of Engineering Technology	University of Ruhuna
22.	Department of Biosystems Technology	University of Ruhuna
23.	Department of Information & Communication Technology	University of Ruhuna
24.	Department of Multidisciplinary Studies	University of Ruhuna
25.	Department of Anaesthesiology	University of Ruhuna
26.	Department of Philosophy and Value Studies	Eastern University, Sri Lanka
27.	Department of Bio system Technology	Eastern University, Sri Lanka
28.	Department of Multidisciplinary Studies	Eastern University, Sri Lanka
29.	Department of Economics and Statistics	South Eastern University of Sri Lanka
30.	Department of Bioengineering Technology	Sabaragamuwa University of Sri Lanka
31.	Department of Engineering Technology	Sabaragamuwa University of Sri Lanka
32.	Department of Engineering Technology	Wayamba University of Sri Lanka
33.	Department of Bio Systems Engineering	Wayamba University of Sri Lanka
34.	Department of Nano Science Technology	Wayamba University of Sri Lanka

#### Approved Centres in Year 2016.(03)

No	Name of the Centre	University/HEI
1.	Centre for Gender Equity and Equality	University Grants Commission
2.	Centre for Research in Oral Cancer	University of Peradeniya
3.	Centre for Food Technology Research and Training	Wayamba University of Sri Lanka

### **5.3 Approved Undergraduate & Postgraduate Programs in year 2016**

#### Approved Undergraduate Programmes in Year 2016 (38)

No	Degree Programme	Course of Study
1.	Bachelor of Arts in Buddhist Studies (Special), CMB	Arts
2.	Bachelor of Labour Education, IHRA	
3.	Bachelor of Business Science Honours in Business Analytics, MRT	Business Science
4.	Bachelor of Business Science Honours in Financial Analytics, MRT	
5.	Bachelor of Business Science Honours in Business Process Management, MRT	
6.	Bachelor of Business Management (Honours) Degree in Financial Engineering, KLN	Management
7.	Bachelor of Business Management (Honours) Degree in Insurance, KLN	
8.	Bachelor of Business Management (Honours) Degree in Banking, KLN	
9.	Bachelor of Science Honours in Computer Science, KLN	Computer Science
10.	Bachelor of Engineering Technology in Instrumentation and Automation, CMB	Engineering Technology
11.	Bachelor of Engineering Technology, SJP	
12.	Bachelor of Engineering Technology, KLN	

13	Bachelor of Engineering Technology, UJA		
14	Bachelor of Engineering Technology, RUH		
15	Bachelor of Engineering Technology, RUSL		
16	Bachelor of Engineering Technology, SUSL		
17	Bachelor of Engineering Technology in Nano Sciences Technology, WUSL		
18	Bachelor of Engineering Technology, WUSL		
19	Bachelor of Engineering Technology in Agriculture, UVA		
20	Bachelor of Biosystems Technology in Environmental Technology, CMB		Biosystems Technology
21	Bachelor of Biosystems Technology in Agriculture, CMB		
22	Bachelor of Biosystems Technology, SJP		
23	Bachelor of Biosystems Technology in Commercial Green Farming, UJA		
24	Bachelor of Biosystems Technology in Food Production, UJA		
25	Bachelor of Biosystems Technology in Agricultural Technology and Entrepreneurship, EUSL		
26	Bachelor of Biosystems Technology in Agricultural Technology, SEUSL		
27	Bachelor of Biosystems Technology, RUSL		
28	Bachelor of Biosystems Technology, SUSL		
29	Bachelor of Biosystems Technology, WUSL		
30	Bachelor of Biosystems Technology, Uva		
31	Bachelor of Information and Communication Technology, SJP		Information Communication Technology
32	Bachelor of Information and Communication Technology in Computer Network Technology, KLN		
33	Bachelor of Information and Communication Technology, UJA		
34	Bachelor of Information and Communication Technology, RUH		
35	Bachelor of Information and Communication Technology, SEUSL		
36	Bachelor of Information and Communication Technology, RUSL		
37	Bachelor of Science in Physics and Electronics, KLN	Physical Science - ICT	
38	Bachelor of Science in Physics and ICT, KLN		

Approved Postgraduate Programs in Year 2016 (15)

No	Name of the Program	University/HEI
1.	Doctor of Medicine and Board Certification in Health Informatics	PGIM-University of Colombo
2.	Postgraduate Diploma in Palliative Medicine (PGDip(Palliative Med))	
3.	Postgraduate Certificate and Diploma Course in Laboratory Animal Science	University of Colombo
4.	Master of Science in Information Technology (MSc IT)	University of Peradeniya
5.	Executive Master of Business Administration	University of Sri Jayewardenepura
6.	Master of Professional Accounting (MPAcc)	University of Sri Jayewardenepura
7.	Doctor of Business Administration (DBA)	University of Kelaniya
8.	PGDip in Public Relations and Media Management	University of Kelaniya
9.	Master of Business Administration (MBA)	Sabaragamuwa University of Sri Lanka
10.	Master of Science in Surveying Sciences	Sabaragamuwa University of Sri Lanka
11.	Master's Degree in Business Management	Institute of Human Resource Advancement

12.	Master's Degree in Human Resources Management	Institute of Human Resource Advancement
13.	Master of Science in Disaster Analysis Management & Mitigation	Institute of Human Resource Advancement
14.	Master of Science in Geo Informatics	Institute of Human Resource Advancement
15.	Master of Science in Service Management	Institute of Human Resource Advancement

#### **5.4 Workshops & Discussion conducted on Higher Education of National Importance 2016**

1. The Quality Assurance & Accreditation Council of the UGC conducted a Workshop to Review Progress of Internal Quality Assurance Units of State Universities on 30<sup>th</sup> March 2016 at the Sri Lanka Foundation Institute
2. Workshop on "Consultative Dialog on Gender Equity/Equality" 21<sup>st</sup> April 2016.
3. Workshop on "Training of Trainers on Gender Equity/Equality" 22<sup>nd</sup> April 2016 – 28<sup>th</sup> April 2016.
4. Workshop on "Online Complaints and Redress Mechanisms for Ragging and SGBV" August 2016.
5. The Quality Assurance & Accreditation Council of the UGC conducted a Residential Workshop on Role of IQAUs in State Universities on 18<sup>th</sup> and 19<sup>th</sup> of May 2016 at Hotel Tamarind Tree, Katunayake
6. Workshops on "Sri Lanka Qualification Framework" held on 2<sup>nd</sup> June 2016.
7. Training of Programme Reviewers on the newly launched Programme Review manual was held on 14<sup>th</sup> and 15<sup>th</sup> June 2016 at the Hotel Berjaya, Mt. Lavinia
8. Workshop on "Sri Lanka Qualification Framework" for Science Faculties in the University System held on 24<sup>th</sup> June 2016.
9. Resource personnel for the 2<sup>nd</sup> cycle of Institutional Reviews were trained as per the newly launched Institutional Review Manual at a workshop held on 28<sup>th</sup> June 2016 at the Hotel Berjaya, Mt. Lavinia
10. Workshop on "Online Complaints and Redress Mechanisms for Ragging and SGBV" August 2016.
11. Workshops on "Clinical component if final MBBS Examination" held on 15<sup>th</sup> December 2016.
12. Workshop on "Effective Research in Higher Degree Supervision Practices" held on 25<sup>th</sup> November 2016 at Hotel Taj Samudra

#### **5.5 Recognition of Local & Foreign Universities**

The Department of Academic Affairs of the UGC perused over 1000 requests for recognition of Local & foreign Universities by Sri Lankan students from where they have obtained academic distinctions during the year under review.

### 5.6 Amendment to UGC Circular No.932 on policy Framework and Guideline for offering External Degrees and Extension programs

A concern has been raised regarding the number of students to be admitted to the External Compartment of any External degrees/Extension programs. It has been suggested to amend the clause 1.6 in the policy Framework. Present criteria with respect to the total number of student to be accommodated in to an External Degree programs is not to exceed twice the number admitted into the internal compartment for a similar study programme.

Proposed amendment to the clause 1.6 in the policy Framework is as follows;

- 1.6. Admission Committee of the Senate in each University/Higher Educational Institution/Institute will be responsible for selecting number of students based on the UGC guidelines. The total number of students accommodated into an *External* degree programme, should not exceed the *exact* number admitted into the internal compartment for a similar study programme.
- *However, the Universities/ Higher Educational Institutions/ Institutes should take initiatives to introduce/ promote only innovative, nationally and globally relevant degree programmes with the approval of the University Grants Commission in future.*
- *In any circumstances the number of students enrolled for the External study programmes of the Department /Faculty should not exceed the exact number of students registered for the internal study programmes of the Department /Faculty.*

The University Grants Commission at its 935<sup>th</sup> meeting held on 26<sup>th</sup> February 2016 decided to inform the Vice Chancellors, Rectors and Directors of HEIs to strictly adhere to the Commission Circular No. 932 on “Policy Framework and Guidelines for offering External Degrees and Extension Programmes by Universities/Higher Educational Institutions/ Institutes” dated 15<sup>th</sup> October 2010.

### Registration of Students for External Degree Programmes – Academic Year 2014 – University of Kelaniya

As per the information provided by the University of Kelaniya, Number of students applied for External degree programs and number permitted are as follows:

Programme of Study	University Request	UGC Concurrence
Bachelor of Arts (General) Degree	2,432	Permitted
Bachelor of Business Management (General) Degree	716	Restricted to 688 students
Bachelor Commerce (Special) Degree	390	Permitted
Bachelor Commerce (General) Degree		
Bachelor of Science	522	Permitted
<b>Total</b>	<b>4,060</b>	

## 5.7 Introduction of Technological Subjects

The Ministry of Education together with the National Institute of Education (NIE) introduced a Technological Subject Stream in 2013 for the G.C.E (A/L) Examination to be held in 2015. The UGC accordingly approved the degree programmes in Technology Stream & Faculties of Technology and facilitated to provide infrastructure facilities and make other necessary arrangements to Establish Departments of Technology in relevant Faculties in 2016. The first batches of students were admitted in 2016.

## 5.8 Strengthening of Internal Quality Assurance Systems in Universities and Higher Educational Institutions

A vibrant mechanism of governance of quality assurance and accreditation of the academic and administrative function is essential to maintain and to enhance the standards of the Higher Education System.

The **Quality Assurance and Accreditation Council (QAAC)** of the UGC established in September 2005 is the body responsible for maintaining of academic standards in State Universities.

Its' Vision is to achieve excellence in higher education with the support of a robust Quality Assurance (QA) system, while its' Mission is to ensure quality by continuous development and efficient performance of Sri Lankan higher education institutions, and thereby to gain the confidence of the community of University stakeholders in accordance with internationally recognized evaluation mechanisms.

It also sets out precisely, the key quality assurance activities expected to be undertaken by Departments, Degree programs and Faculties of State higher educational institutes. In this endeavor, supervision and monitoring to ensure continuity of internationally good standards of the academic programs are essential components to ensure the sustainability of Programs and Institutes.

Considerable progress has been achieved towards establishing a QA system in Public Universities and Institutes, with support from the Committee for QA under the Committee of Vice Chancellors and Directors (CVCD), Standing Committee for QA under the University Grants Commission (UGC) and the Quality Assurance and Accreditation (QAA) Council of the UGC/Ministry of Higher Education and Highways.

The QAAC functioned in the main UGC building till June 2016 at which time it moved to a new office close to the main UGC. This office was officially and ceremonially opened on 20<sup>th</sup> October 2016. The QAAC staff consists of the Director/QAAC, Assistant Secretary, two Computer Application Assistants (CAA), and one laborer. Prof. Deepthi C. Bandara was appointed as the Director from 1<sup>st</sup> of January 2016 onwards.

Quality Assurance is one of the main statutory responsibilities of the University Grants Commission which is considered to be a continuous and on-going process. Therefore, with the recommendations of the Standing Committee on Quality Assurance and Accreditation, the UGC has issued a circular no. 04/2015 dated 5<sup>th</sup> May 2015 with a purpose of enabling universities and other Higher Educational

Institutions (HEIs) in Sri Lanka to set up their own internal quality assurance system at a high level of functionality. The University Councils all HEI have appointed central bodies in 2016, named as the ‘Internal Quality Assurance Unit’ (IQAU), headed by a Director-IQA. The IQAU has planned, organized, developed, facilitated and monitor all internal quality assurance program and activities in the respective State Universities and liaised with the QAAC to ensure quality and effective implementation of decisions taken.

The Standing Committee on QAA at the UGC with 26 members supports the QAAC and coordinates activities with the Universities.

## 5.9 Updated Version of the Sri Lankan Qualification Framework (SLQF)

The SLQF is useful to the HEIs, both in the state sector and non-state sector in designing courses as the minimum level of learning outcomes required for each qualification is indicated by the minimum number of credits that should be earned by a qualification holder. The SLQF will contribute towards strengthening the quality of higher education qualifications offered by universities and other HEIs in Sri Lanka. The University Grants Commission at its 925<sup>th</sup> meeting held on 17<sup>th</sup> September 2015 approved the updated version (First Edition in June 2012, Second Edition in October 2012 and Third Edition in January 2013) of the Sri Lanka Qualification Framework submitted by the HETC project and recommended by the Standing Committee on Quality Assurance and Accreditation. It has been printed and updated version of SLQF was uploaded to the QAAC website.

### SLQF mapping

On the prospect of developing a mechanism to ensure the appropriate mapping of study programs in the Sri Lanka Qualification Framework and its implementation, information were gained on locating degree programs within the updated version of the SLQF as sent by the Universities (Annexure12).

### Clarifications on SLQF

Concerns regarding designators and qualifiers used by Universities and Study Programs which did not comply with the SLQF document was discussed at the 79<sup>th</sup> Standing Committee on QA held on 5<sup>th</sup> December 2016. Accordingly following recommendations were made.

### Recommendations for implementation of SLQF

- If a new degree program of SLQF Levels 5, 6 or 10 plans to name it with a designator of a *broad area of study* that is not listed in the <http://www.ugc.ac.lk/en/universities-and-institutes/degree-courses/undergraduate-courses.html> website, then it needs the prior approval of QAAC of UGC.
- Since the designator of SLQF Level 9 is *limited to specific areas of study* and the particular level does not allow a qualifier in the name of qualification, any suitable designator can be used, regardless of the faculty offering the degree program, as long as the respective designator can be justified.

### Subject Benchmarks (SBM)

The formulation of Criteria for Selection of Panels for Preparation of Benchmark Statement Criteria development was formulated by the QAAC and the Commission approval was obtained.

With information gathered by the QAAC from Universities, it was identified that 45 benchmarks already existing had to be revised and 76 new benchmarks had to be developed with the request of Universities, for the next decade (Annexure 15, Annexure 16). Developing of around 100 benchmarks was difficult and unmanageable. Hence it was decided to reduce the number of benchmarks up to a manageable number as per the view of the AHEAD project and the members of the Standing Committee. Based on that requirement, QAAC constructed a frame work by studying the UK QAA benchmark guideline which contains broad subject areas as benchmarks.

#### 5.10 Graduate output for 2011 & 2015 (Universities and HEIs established under the Universities Act)

In 2015, total graduate output was 33,072. Out of the total graduate output majority has passed out in the arts stream which is about 50%. Breakdown of the total graduate output for the years 2014 and 2015 is as follows;

Graduate output by Faculty/ Academic stream 2011 - 2015					
Academic Stream	2011	2012 <sup>(4)</sup>	2013	2014	2015
Arts	10691	4623	9192	14651	16387
Management & Commerce	4550	1422	4186	5982	5152
Law	348	445	454	496	337
Medicine	1061	1031	547 <sup>(1)</sup>	1209	1145
Dental Science	65	20	73	68	79
Veterinary Science	58	54	59	57	69
Agriculture	616	724	828	867	710 <sup>(2)</sup>
Engineering	1346	758	1507	1438	1344
Architecture & Quantity Surveying	211	228	201	214	77 <sup>(3)</sup>
Computer Science	581	587	682	947	1043
Paramedical Studies	302	60	361	399	264
Science	2621	1646	2736	2740	2711
Indigenous Medicine	192	113	168	175	227
<b>Total</b>	<b>22642</b>	<b>11711</b>	<b>20994</b>	<b>29243</b>	<b>29545</b>

#### Notes:

(1) Only repeat exams, no main exams in this year.

(2) No output from Eastern & Uva Wellassa Universities.

(3) No output from Bachelor of Architecture, Quantity Surveying & Facilities Management programmes.

(4) Number graduated has been decreased in 2012 as final exams have not been held in several faculties due to Academic and Non-Academic strikes in 2012.

## 6. FINANCIAL ADMINISTRATION

The University Grants Commission with the intension of achieving policy guidelines of Higher Education in Sri Lanka has identified eight strategic goals to be financed by the budget 2016 as listed below.

- Widen participation and equitable access to higher education
- Improve quality and relevance of academic programs
- Strengthening research, innovation, entrepreneurship
- Increased role of HEIs as strategic partners in socio economic development and peace & reconciliation
- Increased international cooperation and competitiveness
- Improved physical and aesthetic environment and stakeholder satisfaction
- Improved financial management and sustainability
- Enhanced good governance

Parliament of Sri Lanka has approved the 2016 Budget on 19<sup>th</sup> December 2015 and National Budget Department (NBD) has released the approved Budget for the year 2016. During the year Treasury has made an additional allocation of Rs. 3,855 mn and Rs.48 Mn as capital & recurrent grants respectively specially to finance the implementation of Budget proposals.

Summary of the approved Budget (Rs. Mn)

Category / Object Title	Approved Budget 2015 (with additional allocation)	Approved Budget 2016 (with additional allocation)
Recurrent Grants	25,898.00	29,029.00
Capital /Development Grants – General	8,860.00	19,797.00
<b>Total Grants</b>	<b>34,758.00</b>	<b>48,826.00</b>
Internal Income/ Other Grants	4,335.09	5,109.25
<b>Total Expenditure</b>	<b>39,093.09</b>	<b>53,935.25</b>

### 6.1 Allocation of Recurrent and Capital grants

Recurrent and Capital grants to the Universities/HEIs for 2016 were allocated as Recurrent Block Grant (RBG) and Capital Block Grant (CBG) based on the funding policy approved by the UGC.

### 6.2 Funding Policy - Allocation of Recurrent Grants (RG)

6.2.1) Allocation of recurrent grants for the Universities and Undergraduate HEIs have been based on following funding formula.

$$\text{RECURRENT GRANTS} = \text{Modified Cost per Student (MCPS)} \times \text{Student Enrolment (SE)}$$

6.2.2) Modified Cost per Student (MCPS) was computed considering following policy factors;

- Annual salary increments on actual cadre
- Inflation on other recurrent cost
- Capacity expansion on other recurrent cost
- Policy Factor – (Funding Ratio)

6.2.3) Recurrent Grants for the Postgraduate Institutes and Open University of Sri Lanka (OUSL) have been allocated based on following funding policy.

- OUSL – 60% of the total Recurrent Grant has been financed by the UGC
- Postgraduate Institutes (PGIs) – Government grants were given only to bridge the shortfall. (PGIs expenditure – generated funds)

### **6.3 Funding Policy - Allocation of Capital Grants (CG)**

#### **6.3.1 Capital Block Grant (CBG)**

CBG has been allocated to the Universities/HEIs considering the progress of utilization of funds and Three Year Financial plan on construction projects.

#### **6.3.2 Funding for Research – Rs.600Mn**

Funds have been allocated to University/HEIs as a research block grant to implement research activities under the following categories.

- a) Nationally relevant research
  - Chronic Kidney Diseases (CKD)
  - Dengue
- b) Scientific, Engineering and Information Technology related innovative research
- c) Research into Demographic, Socio-cultural and Economic issues
- d) Research relevant to industrial & Technological development and university industry linkage leading to innovative technological solutions
- e) Organization of International Conferences, Symposia and Research and Publications.

#### **6.3.3 Strengthening the Faculties of Engineering – Rs.950 Mn**

To achieve the requirement of Washington Accord funds have been allocated to the Faculties of Engineering of the University of Moratuwa – Rs.500 Mn, University of Peradeniya – Rs.200 Mn, University of Ruhuna – Rs.150 Mn and South Eastern University - Rs.100 Mn.

#### **6.3.4) Budget Proposals**

As per the budget speech delivered by the Hon. Minister of Finance funds have been allocated to execute following budget proposals.

- Establishment of Technology faculties of the universities
- Establishment of Engineering Faculty in University of Jaffna

- Accommodation facilities to faculty staff of the universities
- Encourage accreditation with professional bodies of international repute
- Establishment of Faculty of Medicine in Wayamba University

### 6.3.5) Allocation / Utilization of Funds in the University System

Breakdown of total grant (with the additional allocation) and the amounts released / utilized during the year is given below compared to previous year.

Grant	Year 2015			Year 2016		
	Total fund allocation	Total fund released	Release/ utilization ratio as a % of total allocation	Total fund allocation	Total fund released	Release/ utilization ratio as a % of total allocation
	Rs. Mn	Rs. Mn		Rs. Mn	Rs. Mn	
Recurrent	25,898.0	25,761.0	99.5%	29,029.0	27,999.0	96.5%
Capital	8,860.0	8,735.0	98.4%	19,797.0	15,162.4	76.6%
<b>Total</b>	<b>34,758.0</b>	<b>34,491.0</b>	<b>99.2%</b>	<b>48,778.0</b>	<b>43,161.4</b>	<b>88.5%</b>

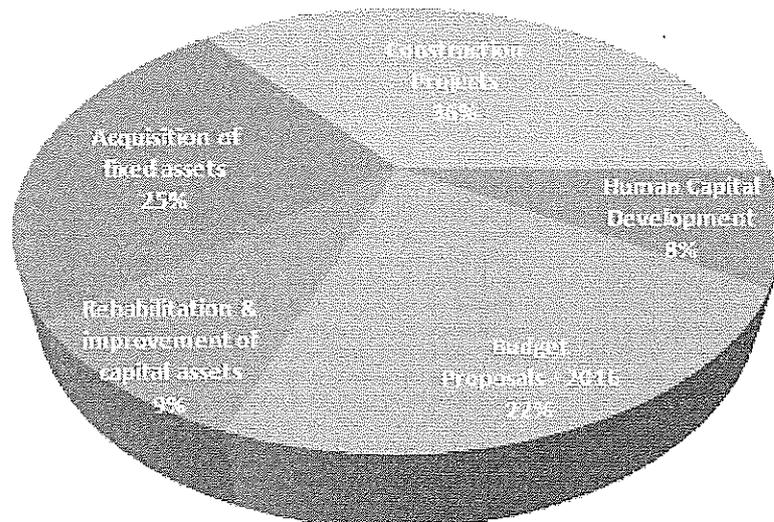
Compared to previous year, in 2016 allocation for recurrent and capital grants have increased by 12% and 123% respectively.

As shown in the above table, utilization / release of capital grants in 2016 is 76.6% of the out of the capital allocation which is a 22% decrease compared to 2015.

**Head 214**  
**University Grants Commission**  
 (Universities and Higher Educational Institutions)  
 Year 2011 to 2016

	2011	2012	2013	2014	2015 Revised Budget	2016 Revised Budget
<b>1. Government Allocation</b>						
Recurrent	13,161	14,719	18,317	20,841	25,898	29,029
Capital	7,100	5,779	8,524	10,945	8,860	19,797
<b>2. Expenditure</b>						
Recurrent	12,961	14,591	16,932	20,638	25,761	27,999
Capital	4,279	4,361	5,820	10,000	8,735	15,162
<b>3. Student Financial Assistance</b>						
Mahapola	127	101	94	109	576	912
Bursary	357	283	386	414	466	832

**Composition of Capital Expenditure 2016**



**University Grants Commission, Universities & Higher Educational  
Institutions  
Head 214**

**Allocation of Recurrent Grants - Year 2014 to 2016**

Rs. Million

Universities / Institutes	Recurrent			Capital		
	2014	Revised Budget 2015	Revised Budget 2016	2014	Revised Budget 2015	Revised Budget 2016
PDN	3,255	4,081	4,370	1,099	900	1,563
CBO	1,918	2,238	2,472	680	615	637
SJP	1,856	2,360	2,617	1,009	875	1,621
KLN	1,815	2,264	2,430	570	700	1,081
MRT	1,280	1,579	1,828	714	640	1,545
RUH	1,695	2,152	2,284	608	535	1,176
UJA	1,337	1,722	2,056	1,190	721	1,367
OUSL	965	1,040	1,000	125	80	230
EUSL	645	807	994	515	495	628
RUSL	894	959	1,255	485	500	817
SUSL	733	891	1,024	387	175	555
SEUSL	580	780	830	500	345	567
WUSL	708	827	949	684	350	786
UVPA	499	706	717	339	260	421
UWU	321	360	538	230	260	600
PGIA	16	19	20	9	10	10
PGIM	50	64	80	420	350	285
PGIAR	50	57	66	7	10	10
PIM	-	-	-	-	-	-
PGIS	10	12	12	12	10	38
PGIPBS	24	12	25	3	5	10
PGIE	10	14	13	39	50	38
PGIHS	-	-	8	-	-	8
IIM	214	274	299	60	50	157
IHRA	25	32	40	12	10	10
UCSC	94	123	160	15	45	245
GWAI	166	191	227	120	120	164
ITUM	110	127	155	7	12	10
NILIS	12	15	17	4	5	5
IBMBB	43	55	60	23	20	20
SVIAS	74	140	150	45	50	69
NCAS	14	18	21	100	98	120
TRINCO	121	160	203	400	245	536
UCIARS	13	25	30	18	65	10
UGC	465	350	485	518	254	604
South Asian University	164	-	-	-	-	-
<b>Total</b>	<b>20,014</b>	<b>24,454</b>	<b>27,435</b>	<b>10,945</b>	<b>8,860</b>	<b>15,942</b>
Performance Grants	827	1,444	1,594	-	-	-
Budget Proposals	-	-	-	-	-	3,855
<b>Grand Total</b>	<b>20,841</b>	<b>25,898</b>	<b>29,029</b>	<b>10,945</b>	<b>8,860</b>	<b>19,797</b>

## 07. CADRE OF THE UGC SECRETARIAT

The approved cadre of the UGC Secretariat for the year 2016 is 318 which consist of 55 Senior Level (Executive), 07 Academic level (Academic Staff) 09, Tertiary level (Academic support), 190 Secondary level (Clerical & Allied) and 57 in primary level (other subordinate) cadre posts. Only 39 of the first category, 07 of the second category 05 of third category, 153 of fourth category and 55 of the fifth categories and totally 259 were in service as at 31<sup>st</sup> December 2016.

### 7.1 Appointments, Promotions, Confirmations, Transfers, Retirement and Resignation of UGC employees

During the year under review, 55 new appointments were made on permanent and 14 contract / temporary basis /assignment basis/ daily paid basis to the UGC Secretariat. Out of the permanent appointments 7 positions were Executive Grade categories

The UGC has granted 5 promotions and 3 confirmations to employees of the Secretariat which consists of Executive Grades as well as Clerical & Allied grades during the year.

Four employees who were employed at UGC Secretariat were transferred to Higher Educational Institutions in 2016.

During the year under review 1 Computer Application Assistant was released on temporary basis from UGC to Post Graduate Institute of Agriculture.

During 2016, 5 employees have retired from the service while 3 employees were resigned from her respective post which consists of One person from the Executive grades and two persons from the Clerical & Allied grades were resigned from their posts.

One person from the Executive grades was transferred from the University of Sabaragamuwa to the University Grants Commission Secretariat.

### 7.2 Training and Development of Staff

Every year the UGC provides an opportunity to members of the staff of the secretariat to enhance their skills and working knowledge by participating in workshops/training programmes which are relevant to their respective duties. These workshops/training programmes were conducted by recognized institutes such as Sri Lanka Institute of Development Administration, Institute for Construction Training & Development, Institute of Management Accounts, Institute of Chartered Accountants of Sri Lanka, National Institute of Business Management, Skills Development Fund Limited, National Centre for Advanced Studies, Institute of Human Resource Advancement, Higher Education 21<sup>st</sup> Century Project, University of Colombo School of Computing, Colt Trading Company (Pvt) Ltd, Sri Lanka Institute of Information Technology, Construction Equipment Training Centre, University of Kelaniya, University of Colombo, Postgraduate Institute of Medicine, Postgraduate Institute of Management, and a separate Staff Training Fund is maintained by the UGC for the purpose of sponsoring the staff.

- (1) During the year under review **25** members of the Executive staff and **13** members of the Non-Executive staff who were nominated by the

UGC, participated in short term training and development programmes directly relevant to their official works.

- (2) Financial Assistance for long term trainings was provided for 3 members of the Executive staff and 2 members of the Non – Executive staff, for development of their working knowledge.
- (3) A group of employees’ under Driver & Primary grades were given a short training course on Skills Development for Drivers & Primary grade employees.
- (4) Duty leave was granted for 5 executive officers to participate at short term overseas training programmes while 1 officer was granted 5 days full pay study leave to read for their Masters’ Degree locally. Apart from those 4 employees’ under Clerical & Allied grades were also given paid study leave as per their requirements.

Services of the employees of the UGC Secretariat who have reached/ passed the optional age of retirement which consists of 5 were extended by the UGC during the year under review.

There were 12 members of the Secretariat staff who became eligible to receive long service awards under the provisions of Commission Circular Nos. 678, 696 and 893 were granted cash awards for the long and meritorious service rendered by them to the university system.

### **7.3 Leave Preparatory to Retirement, Paid Leave and No Pay Leave**

Four employees were granted Leave Preparatory to Retirement during the year 2016, 07 employees were granted paid leave and 02 no pay leaves were granted for visit overseas leave. Two employees were granted sabbatical leave as per provisions in Commission Circular No.408.

### **7.4 Health Insurance Scheme**

The existing Health Insurance Scheme with the Sri Lanka Insurance Corporation was extended with a view to providing more beneficial Health Insurance Scheme for all permanent employees of the University Grants Commission during the year.

### **7.5 Appreciation and Welcome**

The Commission placed on record its appreciation of the services rendered by those who have ceased to be its employees during the period under review and welcomed those who joined the service during the period under review.

## 8. PROGRESS OF HUMAN RESOURCES

### 8.1 New approved Cadre Positions and Review of Total Cadre

The Department of Management Services (DMS) having considered the recommendations made by the UGC approved 717 new cadre posts for Higher Educational Institutions for the year 2016. The details are in the table below.

Employee category	No of new posts
Academic	380
Administrative & other staff	18
Academic Support	06
Management Assistant /Non-Technical	55
Management Assistant/Technical	96
Skilled/Semi Skilled/Unskilled	129
Temporary/Contract Staff	33
<b>Total</b>	<b>717</b>

The break-down of University cadre has been increased over the last 4 to 5 years as follows;

	2011	2012	2013	2014	2015	2016
Academic Staff	8,021	8,290	8,510	8,603	8,696	9,076
Administrative and Allied Staff *	898	1,023	1,075	1,096	1,099	1,117
Academic Support Staff	882	906	939	969	976	982
Non Academic, Non-Administrative Staff	10,491	10,824	11,132	11,213	11,266	11,579
	20,292	21,043	21,656	21,881	22,037	22,754

\* Including Medical Officers

### 8.2 Appointments / Promotions to Administrative Grades

In terms of paragraph (ii) and (iii) of Section 71(2) and Section 8(1) of the Universities Act. No.16 of 1978, appointments / promotions to Administrative Grades should be made by the University Grants Commission. The following appointments and promotions were made during the year 2016 accordingly;

#### Appointments

Post	University	No. of appointments
Medical Officer	University of Colombo	01
	Sabaragamuwa University of Sri Lanka	01
Chief Medical Officer	University of Moratuwa	01
Assistant Director / Regional Educational Services	The Open University of Sri Lanka	06

Director Physical Education	Uva Wellassa University	01
Farm Manager - Grade III	Eastern University, Sri Lanka	01
Works Engineer (Civil) Grade III	Uva Wellassa University	01
	Eastern University, Sri Lanka	01
	University of Colombo	01
Works Engineer (Civil) Grade II	University of Moratuwa	01
	University of Jaffna	01
Workshop Engineer Grade III	University of Jaffna	01
	University of Sri Jayewardenepura	01
Electronic Engineer Grade III	University of Peradeniya	01
Information Systems Manager	The Open University of Sri Lanka	01
Chief Security Officer	University of Kelaniya	01
	The Open University of Sri Lanka	01
Chief Marshall	Rajarata University of Sri Lanka	01
Curator (Landscape) Grade III	University of Ruhuna	01
<b>Total</b>		<b>24</b>

### Promotions

Post	University	No. of promotions
Director Physical Education (Higher Grade)	University of Jaffna	01
	Wayamba University of Sri Lanka	01
	Rajarata University of Sri Lanka	01
Director Physical Education	Sabaragamuwa University of Sri Lanka	01
Senior Staff Technical Officer	University of Kelaniya	02
	University of Colombo	03
	University of Peradeniya	03
	University of Jaffna	01
Chief Technical Officer	University of Peradeniya	01
	University of Moratuwa	01
	University of Kelaniya	01
Curator (Museum) Grade II	University of Sri Jayewardenepura	01
Works Engineer (Civil) Grade II	University of Colombo	01
Works Engineer (Civil) Grade	University of the Visual and Performing Arts	01
<b>Total</b>		<b>19</b>

### 8.2 Promotions of the holders of the posts of Clerk/Store Keeper/Shroff/Computer Application Assistant from Grade III to II

The written examination for promotion to Grade II of the post of Clerk/Shroff/Store-Keeper/ Computer Applications Assistant was conducted by the UGC on 2<sup>nd</sup> July 2016 for 133 candidates who were eligible as at 31.12.2014. The results were released to HEIs on 19.12.2016 in order to conduct the interviews for the successful candidates at the written examination. Summary of the candidates is as follows:

<b>Summary</b>	
No of Candidates Pass	<b>36</b>
No of Candidates Fail	<b>61</b>
No of Candidates Absent	<b>36</b>
<b>Total No of Candidates</b>	<b>133</b>

### **8.3 Appointment of Primary Grade Employees to the Post of Clerk Grade III**

In terms of provisions of Commission Circular No.50 of 27.11.1979, Commission Circular No. 742 of 15.09.1998 and approved Scheme of Recruitment, applications should be invited from minor employees who are eligible to be considered for appointment to the post of Clerk Gr.III and the selection should be made by a written examination and an interview. Accordingly, the written examination for **130** candidates who were eligible as at 31.12.2014 was conducted on 5<sup>th</sup> November 2016 at Postgraduate Institute of Medicine.

### **8.4 Inter University Transfers**

The total numbers of transfers implemented by the UGC in terms of Section 78 of the Universities Act, during the year 2016 are as follows ;

- Administrative Staff - **15**
- Non -Academic, Non Administrative Staff - **60**

### **8.5 Staff Development Activities**

All fifteen Staff Development Centers (SDCs) regularly conduct induction training programmes for Academic Staff and other short term training programs, workshops, outbound training etc. for all categories of staff including Academic, Administrative, Financial, Executive, Technical, Non-Academic, Clerical, Minor categories.

### **8.6 Award of Scholarships, Fellowships, Research Grants and other Financial Assistance to University Academics**

In keeping with the UGC policy to facilitate and encourage the academic staff specially the young academics to pursue their higher studies locally, as well as abroad and also to foster and strengthen the research culture in the university system, the UGC made concerted effort during the last few years to allocate more funds. In order to achieve the said objective, following grants were made available during the year under review.

#### **i. Financial assistance for Postgraduate studies**

The UGC provides financial assistance to permanent teachers of the Higher Educational Institutions (HEI) coming within its purview enabling them to read for Master's and Doctoral degree programmes. Probationary Lecturers and Senior Lecturers of any discipline in any HEI are eligible to receive financial assistance under the scheme.

The total value of the grant varies with discipline, nature of study, the degree read for, and the country in which it is conducted. However, it will not exceed Rs. 2,500,000/- for MPhil (or Master's) degree and

Rs.3,500,000/- for a Doctoral degree. Grants are awarded on a competitive basis, based on the quality of the proposal, the scientific merit of the study proposed and its relevance. In 2016 a total of 51 proposals to read for a PhD/MPhil, with a total budget of Rs. 151 Mn were approved by the Commission compared to Rs. 69.8 Mn approved in 2015.

### **Postgraduate grants awarded by the UGC from year 2011 to 2016**

#### **ii. Sri Lanka -Australia Joint/ Split PhD Programme**

The UGC jointly with the Queensland University of Technology (QUT), Australia has launched a Joint/ split PhD Programme for the benefit of the junior academics at the universities. QUT, a leading seat of higher learning in Australia, has research strengths particularly in Science, Engineering, Technology and Health Sciences.

As per the MoU signed between the UGC and QUT, the UGC will provide funds to the value of maximum Rs. 3.5 million (for 3 years) each that will enable selected applicants to spend up to one year in Australia while QUT will waiver tuition fees and provide scholarships with an estimated value of AUD 100,000 for the duration of the PhD candidature, i.e. 3 and half years.

<b>Year</b>	<b>No. of Grants awarded</b>	<b>Value of grants approved Rs. Mn</b>
2011	18	9.20
2012	5	1.86
2013	38	59.38
2014	42	55.29
2015	43	69.89
2016	53	151.0

Thirteen lecturers have submitted applications under this programme and interviewed held on 19 May 2016. Accordingly, eleven candidates have secured admission for higher studies at QUT selected for receiving financial assistance from the UGC and the value of the grants is 33.9Mn.. Response from QUT in respect of other 02 applications is still awaited.

#### **iii. Commonwealth medical fellowships in the United Kingdom -2017**

A Commonwealth medical fellowship in the United Kingdom was advertised in August and the University Grants Commission shortlisted the candidates in November 2016.

#### **iv. Elite PhD Scholars' programme with Melbourne School of Engineering, University of Melbourne, Australia**

An elite PhD programme for training of outstanding graduates in Engineering, IT, Mathematics and Computer Science has been developed between the UGC/Ministry of Higher Education and University of Melbourne. Under this programme Melbourne School of Engineering will admit up to 5 outstanding graduate students per year passed out from Universities of Moratuwa, Peradeniya and Colombo with effect from 2015. Graduates (Hons) with a GPA of 3.75/4 or

above in the last two years of their study programme in the said degree programmes are eligible to apply.

Under this programme, the Melbourne School of Engineering will fund 100% of the tuition waiver (currently AUD 36,896 per annum) and 80% of the living stipend (currently AUD 25,849 per annum tax free per student) for 3.5 years while the UGC/ Ministry of Higher Education of Sri Lanka will fund 20% of the living stipend for 3.5 years.

As a result of that applications for scholarships under this programme called late November 2015. The UGC contribution (20% living stipend) was approved for selected two candidates and grants were transferred as per the MoU and the UGC decisions in 2016.

#### Research Grants awarded in 2016

University	Postgraduate Grants		QUT		Melbourne	
	No. of grantees	Total Value (Rs)	No. of grantees	Total Value (Rs)	No. of grantees	Total Value (Rs)
CMB	7	23,967,615				
PDN	3	7,413,000	1	3,381,000		
SJP	6	18,685,000	2	6,206,150		
KLN	6	16,675,000				
MRT	2	3,295,000	1	3,342,000	2	4,741,000
JFN			1	3,030,000		
RUH	3	5,501,000	2	5,815,254		
QUSL	5	16,488,700	1	3,004,000		
ELSL	2	1,700,000	1	2,721,800		
SEUSL			1	3,310,500		
RUSL	3	7,880,500				
SUSL	1	2,500,000				
WUSL	1	4,200,000				
UVPA	0	0				
LWU	1	4,200,000	1	3,095,780		
<b>TOTAL</b>	<b>40</b>	<b>112,805,815</b>	<b>11</b>	<b>33,906,484</b>	<b>2</b>	<b>4,741,000</b>

#### v. Develop link programmes with foreign universities

Communications have been already done with focal points to develop postgraduate scholarships and academic cooperation between the following universities and Sri Lankan universities through the UGC.

- MoU between University Grants Commission (UGC) and German Academic Exchange service (DAAD)

The UGC at presently is in the process of selecting 4-5 best universities in Sri Lanka, who possess the capacity to develop sustainable bilateral mutually beneficial relationship with DAAD, Germany.

- MoU between University Grants Commission (UGC) and International University of the Japan

As requested by the International University of the Japan a draft MoU to develop postgraduate scholarships and academic

cooperation between two institutions sent for further consideration and approval for them.

- Follow- up on EOI between Sri Lanka and CERN summer student programme  
CERN has selected two Sri Lankan Students for summer student programme 2016 as per the recommendation sent from the UGC.
- Exploring the possibilities for collaboration programme with Deakin University, Australia

The Deakin University is keen to initiate collaborative partnerships with Sri Lanka in the areas of higher Degrees by Research (Master by Research & PhD), Scholarships, Academic Staff Development, and Collaborative Research.

In view of that a delegation of the Deakin University had a discussion with the UGC in June 2016.

#### vi. Financial Assistance by way of Travel Grants for Academic Staff in HEI

Financial assistance by way of air passage was given to academic staff in Universities by the UGC to proceed abroad to obtain postgraduate qualifications in the recent years as follows;

		2013	2014	2015	2016
No of requests approved / granted by UGC	Inward	34	30	38	30
	Outward	55	63	60	59
Amount in Rs.		6,754,729.63	5,086,561.00	6,135,913.00	4,303,882.00

During the year under review, the financial assistance by way of air passage was given to academic staff in Universities to proceed abroad to obtain postgraduate qualifications as follows:

HIGHER EDUCATIONAL INSTITUTIONS	NUMBER OF REQUESTS APPROVED BY UGC IN 2016		ACTUAL AMOUNT REIMBURSED TO UNIVERSITIES BY UGC IN 2016 (RS)
	INWARD	OUTWARD	
University of Colombo	3	7	103,330.00
University of Peradeniya	3	13	1,109,402.00
University of Jaffna	-	2	-
University of Sri Jayawardenepura	1	3	252,691.00
University of Ruhuna	6	6	791,225.00
University of Moratuwa	3	4	-
Sabaragamuwa University of Sri Lanka	2	4	731,375.00
University of Kelaniya	4	9	470,489.00
South Eastern University of Sri Lanka	1	2	290,308.00

University of the Visual & Performing Arts	2	-	-
Rajarata University of Sri Lanka	2	4	231,790.00
Wayamba University of Sri Lanka	-	1	-
Open University of Sri Lanka	2	2	124,282.00
Vavuniya Campus	1	1	198,990.00
Eastern University, Sri Lanka	-	1	-
<b>Total</b>	<b>30</b>	<b>59</b>	<b>4,303,882.00</b>

## 9. INFRASTRUCTURE DEVELOPMENT

A total sum of Rs.19,797.00 million was allocated for the new construction & continuation projects, rehabilitation projects, acquisitions, infrastructure projects in newly established universities and capacity building for students in 2016. Treasury has recommended only Rs.16,706.49 million. However, due to various restrictions imposed by the Treasury in releasing funds during the year, the universities and HEI's were able to receive about Rs.15,162.39 million by the end of the year 2016.

During the year, 59 new project proposals were received by the Commission from Universities and HEI's and after careful scrutiny and evaluation only \*41 were approved by the Commission as at end of the year. National Planning Department granted approval for \*47 out of the new projects in 2016 and altogether \*49 projects including the project proposals received in the previous years had been approved by the Cabinet of Ministers during the year. There were #\*10 projects physically commenced in 2016 & #\*182 construction projects in progress at different levels in the design and construction process within the university system as at the end of the year amounted to Rs. 49,148 million and #\*27 projects bearing a total Estimated Cost of Rs. 3,470.09 million were completed and handed over to the university system during the period under review. Details are given below;

	2011		2012		2013		2014		2015		2016	
	No. of Projects	Total Value (Rs. Millions)	No. of Projects	Total Value (Rs. Millions)	No. of Projects	Total Value (Rs. Millions)	No. of Projects	Total Value (Rs. Millions)	No. of Projects	Total Value (Rs. Millions)	No. of Projects	Total Value (Rs. Millions)
Project Proposals received by UGC	31	5,535	20	3,755	59	12,466	44	33,558	44	24,776	59	36,784
Project Proposals approved by UGC	*24	8,069	*22	2,512	*39	8,577	30*	31,049	*20	9,943	*41	23,566
Projects submitted to National Planning	*24	7,762	*23	3,306	*39	8,577	29*	30,691	*22	10,458	*43	25,478
Projects approved by National Planning	*15	4,351	*07	3,259	*35	6,361	28*	25,492	*13	6,478	*47	26,106
Projects approved by Cabinet of Ministers	*12	1,317	*11	4,854	*49	10,885	11*	14,605	7*	4,856	*49	28,667
Projects commenced during the year	*17	2,496	*11	1,514	*26	3,546	46*	24,665	*7	3,112	*10	2,390
Projects in Progress (Continuation)	*41	14,662	*44	13,672	*48	10,201	109**	31,233	*131	30,382	*182	49,148
Projects Completed	*12	2,223	*13	2,778	*13	1,551	36**	6,762	*3	1,793	*27	3,470

\* Including project proposals submitted in the previous years.

# considered only the physical condition of the project

## 10. DEVELOPMENT OF INFORMATION TECHNOLOGY

The major responsibilities of the IT Division of the UGC are,

- Development and installation of new IT systems and upgrades to existing systems, formulation of requirements and specifications, overall administration of the computer system including software , communication systems ,data processing activities ,and manage a healthy uninterrupted computer system to provide IT requirements of the organization.
- Manage audio visual activities of the UGC
- Coordinate with universities in IT funding requirement and make recommendations for allocation of funds and monitor progress of project implementation.
- Coordinate with information and Communication Technology Agency and other relevant government and non- governmental organizations with the objective of introducing latest Information Technologies to enhance the overall governance of the UGC and Universities.
- Preparation of training and examination material for new recruits and the promotion of Staff.
- Administration and maintenance of web sites; [www.ugc.ac.lk](http://www.ugc.ac.lk), [www.eugc.ac.lk](http://www.eugc.ac.lk), Gender Equity/Equality web, Quality Assurance and Accreditation web, HETC web.
- Administration and maintenance of e-Governance applications – release of Z-score cutoff via web, SMS and Government Information Centre (1919 call Centre), online registration for universities.
- Administration and maintenance of online payment gateway – payment for online registration, academic purposes, recruitment and other requirements.
- Implementation and maintenance of the business applications such as web portal, eMemo, Board Room Reservation System, Time Attendance and Personnel Software, IT Project Management, IT online help desk service system, Legal database, e-Query system.

In line with the above scope, IT division carries out various routine operational activities to manage a healthy IT environment for the UGC and this report is only summary of the specific activities conducted in the year 2016

### Software Developments.

#### i. Online Payment System

The UGC can enhance its services to stakeholders through an online payment system provides stakeholders a secure method for making payment over the internet. Payment relevant to university admissions, recognition of certificates for foreign universities, issuing of QA certificates, and payment of registration

fees for workshops, seminars and Conference are some of the areas where UGC can use this mode payment.

**ii. Software for University Pensions Fund**

The UGC is in the process of developing a computerized system for the management of university pension fund and HEIT division was assisting the initiative taken by the Pension division.

**iii. Tapol System**

A web based system and its automate the Tapol unit operation

**iv. Legal Software**

Software was developed to main information of legal cases coordinates by the Legal Division of the UGC. The online application will provide a convenient way to record and access information of legal cases.

**v. Online Mechanism for Prevention of Ragging and Violence in Universities/HEI**

The Online Complaints Mechanism, is a new initiative of the University Grants Commission that has been set up as a means for any member of the university community to lodge a complaint regarding incidents of ragging, harassment, intimidation and bullying. All complaints that are lodged will be investigated and victims of such incidents will be offered support and redress.

## **11. FINANCIAL ASSISTANCE TO UNIVERSITY STUDENTS**

### **11.1 Introduction**

There are 03 main schemes under which university students are assisted financially. They are;

Mahapola Scholarship Scheme  
University Bursary Scheme  
Scholarship Scheme with donor endowments

Of these three schemes, students for Mahapola Scholarships and Scholarships with donor endowments are selected by the UGC annually while the selections for Bursaries are handled by the respective Universities/ HEIs.

**(1) Mahapola Scholarships**

From March 2015 the Mahapola Scholarship was increased to Rs.5000/= per month of which half is paid by the Mahapola Scholarship Trust Fund (MHESTF), while the balance is paid by the General Treasury. The Treasury funds are paid through the UGC, while the MHESTF funds are paid by the MHESTF direct to the Universities.

However, the UGC is responsible for the selection of the Mahapola recipients on established criteria and for the implementation of the Mahapola scholarship scheme.

(2) **Payment of Bursaries, Mahapola Scholarships**

Funds for the payment of Mahapola and Bursary have been allocated / received to the UGC on the basis of estimated Mahapola/Bursary recipients plus value of the existing scholarship installment.

Type of Financial Assistance to Students	Mahapola Scholarships				Bursaries				Endowment scholarships / Other Financial Assistance			
	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
No of Students	39,471	45,000	45,440	47,704	28,983	29,484	32,509	24,609	55	20	34	84
Total Paid Rs. (Mn)	94.95	109.21	827.0	1,168.74	385.9	414.5	937.0	984.36	2.5	0.776	2	2.82

(3) **Scholarships with Donor Endowments**

In addition to the Scholarships mentioned above following scholarship schemes too were in operation during the year under consideration.

(a) **Mitsubishi Corporation International Scholarships**

A Memorandum of Understanding was signed between the UGC and Mitsubishi Corporation for the scholarship scheme funded by Mitsubishi Corporation.

Name of the Scholarship	Mitsubishi Corporation International Scholarships							
No. of Students who have awarded with Scholarships	2008/2009		2009/2010		2010/2011		2011/2012	
	20		20		30		30	
	CMB	SJP	CMB	SJP	CMB	SJP	CMB	SJP
	10	10	11	09	15	15	13	17
	2012/2013		2013/2014					
	30		30					
Amount of the Scholarships	CMB	SJP	CMB	SJP				
	13	17	15	15				
Eligibility Criteria	<ul style="list-style-type: none"> <li>Rs. 4,000/- per month. 12 months (Only one Year)</li> <li>Rs. 3,625/- per month. 12 months (Only one Year) Effect from Academic year 2013/2014</li> </ul> Students who have been selected to follow courses of study in Faculty of Finance Management & at the University of Colombo or Faculty of Management & Commerce at the University of Sri Jayewardenepura.							

(b) **Police C.W.C. Benefit Scheme**

Police Central Welfare Council (C.W.C.) Benefit scheme is a scholarship scheme for the students whose parents are in Sri Lanka Police Service the financial support will be given to the undergraduates who are not receiving any financial assistance by way of Mahapola, Bursary or any other scholarship scheme.

In accordance with the part II of Sri Lanka Police Gazette No. 94 - June 25, 1980; priority of Academic disciplines are as follows;

- |                       |                       |
|-----------------------|-----------------------|
| 1. Engineering        | 6. Physical Science   |
| 2. Medicine           | 7. Biological Science |
| 3. Agriculture        | 8. Commerce           |
| 4. Dental Science     | 9. Arts               |
| 5. Veterinary Science |                       |

Only one scholarship will be awarded for one discipline in for a particular academic year.

Name of the Scholarship	Police CWC Benefit Scheme University Scholarships							
No. of Students who have awarded with Scholarships	2008/2009		2009/2010		2010/2011		2011/2012	
	03		03		03		03	
	MRT 01	SJP 01	PDN 02	RUH 01	MRT 01	PDN 01	MRT 01	SJP 01
	RUSL 01				WUSL 01		WUSL 01	
	2012/2013				2013/2014			
	MRT 01	SJP 01	PDN 01		MRT 01	SJP 01	PDN 01	
Amount of the Scholarships	2009/10, 2010/11 - Rs. 20,000/- per year. Payable in 10 instalments (annually) for the duration of the Course of Study concerned 2008/09 - Rs. 19,000/- per year. Payable in 10 instalments (annually) for the duration of the Course of Study concerned							
Eligibility Criteria	Students whose parents are in Sri Lanka Police service and who are not receiving any financial assistance by way of Mahapola, Bursary or any other scholarship scheme.							

**(C) Sri Lanka Federation of University Women (SLFUW) Diamond Jubilee Celebration Scholarship Programme for Women Undergraduates -2016**

Name of the Scholarship	Sri Lanka Federation of University Women (SLFUW) Diamond Jubilee Celebration Scholarship Programme for Women Undergraduates -2016							
No. of Students who have awarded with Scholarships	2014/2015							
	84							
	CMB 06	PDN 06	SJP 06	KLN 06	UJA 06	RUH 06	MRT 06	
	EUSL 06	SEUS L 06	RUSL 06	SUSL 06	WUSL 06	UWU 06	UVPA 06	
Amount of the Scholarships	The value of the scholarship is Rs.10,000/- and paid at once							
Eligibility Criteria	1. Female students who have registered at any University, qualified for Mahapola Scholarship Scheme and were not awarded the Mahapola Scholarship will be considered for this Scholarship Scheme 2. On merit at GCE A/L Examination – 2014 (Academic Year							

	2014/2015) in any stream 3. Annual Parental Income Parental annual income should be less than Rs.350,000/- The following concession to be added to the Annual Parental Income specified above as per the criteria laid down for Mahapola scholarship a. Rs. 24,000/- concession per annum per school going sisters/brother who is 19 years or under, up to a maximum of three children b. Rs. 36,000/- concession per annum per sister/brother following a course in a University but not in receipt of a Mahapola scholarship or a Bursary c. If the student is employed his/her employment income should be added to the parental income
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**(d) Dialog Technology Scholarship Programme**

Dialog Merit scholarship programme, is a merit based scholarship scheme which is for the students with outstanding G.C.E. A/L results in physical science stream. It provides financial assistance for the students who are studying in Faculty of Engineering at undergraduate level at Moratuwa and Peradeniya.

Name of the Scholarship	Dialog Merit Scholarships									
No. of Students who have awarded with Scholarships	2008/2009		2009/2010		2010/2011		2011/2012			
	27		27		27		27			
	MRT	PDN	MRT	PDN	MRT	PDN	MRT	PDN		
	24	03	23	04	21	06	19	08		
	2013/2014		2014/2015			2015/2016				
	27		27			27				
Amount of the Scholarships	MRT	PDN	MRT	PDN	UJA	MR	PDN	RUH	UJ	
	24	03	23	02	02	T	02	01	A	02
Eligibility Criteria	Rs. 4,000/- per month. 36 to 60 months Payable in 10 instalments depending on Course of Study 1.) The student who has obtained the highest Z score in physical sciences stream at the first attempt at G.C.E. (A/L) 2011. 2.) Top Female student who has obtained the highest Z score in Sri Lanka in physical sciences stream at the first attempt at G.C.E. (A/L) 2011. 3.) 25 students obtaining the highest Z score in each of the 25 administrative districts in Sri Lanka in physical sciences stream at the first attempt at G.C.E. (A/L) 2011.									

## 12. **PROGRESS REVIEW MEETINGS WITH THE HON. STATE MINISTER OF HIGHER EDUCATION AND HON. MINISTER OF HIGHER EDUCATION & HIGHWAYS**

The Hon. Minister of Higher Education and Hon. Minister of Higher Education & Highways continued to have meetings with the University Community including academics, administrators and others in order to streamline the University Education System and to monitor the progress of activities.

Several meetings were held in 2016 and following groups were met;

1. Progress Review meeting on Technology Stream Projects - held on 10<sup>th</sup> May 2016 (With VC of SJP,KLN,UJA,RUH,EUSL,SEUSL,RUSL,SUSL,WUSL,UWA and Rector of the Vavuniya Campus)
2. Meeting to discuss 5 year development plan for universities and to quicken the process of university admissions held on 2016.01.12
3. HETC project –Meetings with the World Bank to measure sustainability of project outcomes and plans of UGC held on 2016.01.13
4. Progress Review meeting of Implementing Degree programs under the Technology Stream with the state minister of MOHE held on 2016.01.18
5. Meeting with Vice Chancellors for entering students for Technology Stream Subjects held on 2016.03.01
6. Hon. State Minister's Meeting with Deans, Rectors, Directors of Universities held on 08.03.2016
7. The Quality Education through Effective Teacher Development Program (with the Minister of Education and Director General of UNESCO) 17<sup>th</sup> August 2016.
8. Meeting to discuss about the Establishment of Nursing Faculty held on 2016.02.16
9. Progress Review Meeting on Technology Stream projects -2016 (With VC of SJP,KLN,UJA,RUH,EUSL,SEUSL,RUSL,SUSL,WUSL,UWA And Rector of the Vavuniya Campus) held on 2016.09.14
10. Progress review on Ongoing Construction projects and Utilization of capital budget held on 13<sup>th</sup> October 2016
11. Meeting to review annual allocation and procurement plan for the year 2017 with Vice Chancellors, Directors, Rectors, Ministry and members of Commission held on 2016.12.28 at Board Room of the UGC.

## 13. **LEGAL AFFAIRS**

### 13.1 **New Legislation**

During the year under review the Legal Division of the Commission had taken action to publish 24 Orders and 3 Ordinances. It also handled 24 Court cases.

### 13.1.1 Orders published during the year

- Order made under Section 27 (1) of Universities Act No. 16 of 1978, renaming the Department of Zoology as the Department of Zoology and Environment Sciences at the Faculty of Science in the University of Colombo, Sri Lanka which was published in Government Gazette Extraordinary No. 1948/58 of 8<sup>th</sup> January, 2016.
- Order made under Section 27(1) of the Universities Act No. 16 of 1978, establishing two new Faculties of i.e. Faculty of Technology and Faculty of Engineering in the University of Sri Jayawardenapura, Sri Lanka which was published in Government Gazette Extraordinary No. 1948/59 of 8<sup>th</sup> January, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, renaming the Department of Limnology as the Department of Limnology and Water Technology at the Faculty of Fisheries and Marine Sciences and Technology in the University of Ruhuna, Sri Lanka which was published in Government Gazette Extraordinary No. 1948/60 of 8<sup>th</sup> January, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, renaming the Department of Cartography, Information System as the Department of Remote Sensing and Geographic Information System at the Faculty of Geomatics of the Sabaragamuwa University of Sri Lanka, which was published in Government Gazette Extraordinary No. 1954/45 of 19<sup>th</sup> February, 2016.
- Order made under Section 27(1) of the Universities Act No. 16 of 1978, establishing a new Department of Criminology and Criminal Justice at the Faculty of Humanities and Social Sciences at the University of Sri Jayawardenapura, Sri Lanka which was published in Government Gazette Extraordinary No. 1954/44 of 19<sup>th</sup> February, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, establishing a Faculty of Medicine and a new Department of Biosystems Engineering at the Faculty of Agriculture and Plantation Management of the Wayamba University, Sri Lanka which was published in Government Gazette Extraordinary No. 1954/43 of 19<sup>th</sup> February, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, establishing a Faculty of Technology at the University of Jaffna, Sri Lanka which was published in Government Gazette Extraordinary No. 1960/9 of 29<sup>th</sup> March, 2016.
- Order made under Section 27 (1) of the Universities Act, establishing a Department of Basic Sciences at the Faculty of Allied Health Sciences at the University of Peradeniya, Sri Lanka which was published in Government Gazette Extraordinary No. 1960/8 of 29<sup>th</sup> March, 2016.
- Order made under Section 20 (4) of the Universities Act No. 16 of 1978, appointing Prof. Jayantha Welihinda as the Competent Authority in lieu of the Director of Gampaha Wickramarachchi Ayurveda Institute, Sri Lanka which was published in Government Gazette Extraordinary No. 1960/10 of 29<sup>th</sup> March, 2016.

- Order made under Section 20 (4) Revocation of the Appointment of Competent Authority, Eastern University, Sri Lanka which was published in Government Gazette Extraordinary No. 1960/11 of 29<sup>th</sup> March, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, establishing a Department of Economics and Statistic at the Faculty of Arts and Culture at the South Eastern University, Sri Lanka which was published in Government Gazette Extraordinary No. 1964/11 of 26<sup>th</sup> April, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, establishing new Faculty of Technology at the University of Ruhuna, Sri Lanka which was published in Government Gazette Extraordinary No. 1964/10 of 26<sup>th</sup> April, 2016.
- Order made under Section 20 (4) of the Universities Act No. 16 of 1978, appointing Prof. Jayantha Welihinda as the Competent Authority in lieu of the Director of the Gampaha Wickramarachchi Ayurveda Institute, Sri Lanka which was published in Government Gazette Extraordinary No. 1969/2 of 30<sup>th</sup> May, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, establishing new Faculty of Technology at the South Eastern University, Sri Lanka which was published in Government Gazette Extraordinary No. 1973/28 of 29<sup>th</sup> June, 2016.
- Order made under section 27 (1) of the Universities Act No. 16 of 1978, establishing a new Department of Engineering Technology in the Faculty of Applied Sciences at the Wayamba University, Sri Lanka which was published in Government Gazette Extraordinary No. 1973/76 of 1<sup>st</sup> July, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, establishing new Departments of Medical Education, Medical Humanities, Allied Health Sciences at the Faculty of Medicine and establishing a new Department of Buddhist Studies at the Faculty of Arts at the University of Colombo, Sri Lanka which was published in Government Gazette Extraordinary No. 1979/20 of 9<sup>th</sup> August, 2016.
- Order made under Section 20 (4) of the Universities Act No. 16 of 1978, appointing Prof. Jayantha Welihinda as the Competent Authority in lieu of the Director of Gampaha Wickramarachchi Ayurveda Institute, Sri Lanka which was published in Government Gazette Extraordinary No. 1969/2 of 30<sup>th</sup> May, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, renaming the Department of Anesthesiology as the Department of Anesthesiology and Critical Care at the Faculty of Medicine University of Peradeniya, Sri Lanka which was published in Government Gazette Extraordinary No. 1990/16 of 26<sup>th</sup> October, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, establishing a new Department of Medical Education in the Faculty of Medicine at the University of Kelaniya, Sri Lanka which was published in Government Gazette Extraordinary No. 1991/43 of 3<sup>rd</sup> November, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, establishing a new Department of Languages at the Faculty of Engineering in

the University of Moratuwa, Sri Lanka which was published in Government Gazette Extraordinary No. 1991/44 of 3<sup>rd</sup> November, 2016.

- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, Establishment a new Department of Anaesthesiology at the Faculty of Medicine in the University of Ruhuna, Sri Lanka which was published in Government Gazette Extraordinary No. 1995/26 of 1<sup>st</sup> December, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, Establishment a new Department of Nano Science Technology at the Faculty of Applied Sciences at the Wayamba University of Sri Lanka, which was published in Government Gazette Extraordinary No. 1995/25 of 1<sup>st</sup> December, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, Renaming the “Department of English” as the “Department of English and Linguistics” in the Faculty of Humanities at the University of Sri Jayawardenepura, Sri Lanka which was published in Government Gazette Extraordinary No. 1995/24 of 1<sup>st</sup> December, 2016.
- Order made under Section 27 (1) of the Universities Act No. 16 of 1978, Establishing a new Department of a Philosophy and Value Studies at the Faculty of Arts and Culture in the Eastern University, Sri Lanka which was published in Government Gazette Extraordinary No. 1995/27 of 1<sup>st</sup> December, 2016.

### **13.1.2 Following Ordinances were published during the year**

- The Universities Provident Fund (Amendment) Ordinance No. 1 of 2016 made under Section 91 read with Section 18 of the Universities Act No. 16 of 1978 published in the Government Gazette Extraordinary No. 1981/79 of 25<sup>th</sup> August, 2016.
- Institute of Indigenous Medicine (Amendment) Ordinance No. 02 of 2016 made under Section 140 read with Section 18 of the Universities Act, No. 16 of 1978 published in the Government Gazette Extraordinary No. 1988/22 of 13<sup>th</sup> October, 2016.
- Gampaha Wickramarachchi Ayurveda Institute (Amendment) Ordinance No. 03 of 2016 made under Section 18 read with Section 24A and 24B of the Universities Act, No. 16 of 1978 published in the Government Gazette Extraordinary No. 1988/22 of 13<sup>th</sup> October, 2016.

### **13.1.3 Court cases**

Legal Division handled the following cases, which had been filed before Courts of Law and Tribunals against the UGC during the year.

- Supreme Court (24)
- Court of Appeal (24)
- District Court (3)
- Labour Tribunal (2)
- Arbitration Case (1)
- University Services Appeals Board (18)

### 13.1.4 Other Activities

New amendment to the Universities Act, which includes an amendment to Section 75 of the Universities Act regarding the optional age of retirement of employees other than the teachers was passed by the Parliament and amendment was issued.

### 14. UNIVERSITY SERVICES APPEALS BOARD (USAB)

The USAB had 18 sittings during the year under review. Twenty two (22) new appeals were registered at the USAB in 2016. Orders were delivered in respect of Fourteen (14) appeals of which eight (08) were dismissed and two (02) were allowed. Two (02) appeals were withdrawn. One (01) appeal was rejected and one (01) was settled. No Preliminary Orders were issued nor laid by. Three (03) orders were being written and no interim orders were issued. Twenty four (24) appeals were pending at the end of the year 2016. One (01) case was filed against an order delivered by the USAB before the Court of Appeal and no cases were filed before the Supreme Court.

### 15. IMPROVING FINANCIAL MANAGEMENT AND CENTRAL INTERNAL AUDIT

#### Structure & Functions of the Internal Audit Dept.

The Central Internal Audit Division which is entrusted with the task of Internal Audit Assignments & Investigations of the University Grants Commission (UGC) and Higher Education Institutions under the power vested by the section 3, chapter 1 of the Establishment Code of the University Grants Commission and the Higher Educational Institutions.

Audit program for the year is prepared covering all important aspects of administrative and operational activities of the University Grants Commission and Higher Educational institutes. The Central Internal Audit Division of the University Grants Commission co-ordinates with internal audit divisions of the Universities to maintain good governance among the system.

The Internal Auditor UGC attends the Audit Committee meeting of Universities Institutes as an observer.

#### Audit & Management Committee Meetings

The Audit Committee is a sub Committee of the Commission of the University Grants Commission. The Committee Comprises of three Non-Executive Directors and headed by an Independent Non-Executive Director.

The Audit Committee is entrusted with the responsibility of reviewing evaluating the existing internal control systems, evaluating the matters that need amendments to be in line with current requirements, guiding the Internal Audit functions and reviewing the effectiveness of works.

Six Audit Committee meetings were held during the year ended 31<sup>st</sup> December 2016 which satisfied the required forum of 2/3 including the Chairman. The Internal Auditor UGC convenes the meeting as the secretary of the Audit Committee. Representative from the Auditor General's Department who functions as an

external auditor were invited for the meeting to serve as an observer. The Secretary UGC, the Accountant UGC were also invited for the meeting.

### **COPE Meetings**

The Central Audit Division coordinates matters pertaining to the meetings of the Committee on Public enterprises (COPE) of Parliament in respects of 15 Universities 18 Institutes and help to submit information requested by the COPE.

### **Pre Auditing**

Pre audit was carried out in the following areas in order to ensure the accuracy of payments.

- Release of Provident Fund
- Payment of Gratuity
- Release of Pension

### **Internal Audit Reports**

The Central Internal Audit Division of the University Grants Commission had issued 18 Internal Audit reports out of which 07 reports pertaining to University Grants Commission and 11 reports for the Higher Educational Institutions.

### **Workshops & Awareness Programmes**

Two workshops for the preparation of Fixed Assets Register and Construction Contracts respectively were organized by the Internal Audit of the University Grants Commission for the benefit of all categories of staff of the University system. In addition two interactive sessions to share knowledge with employees attached to Universities/Institutes was conducted

## **16. SURVEYS, PUBLICATIONS AND RESEARCH STUDIES**

- The publication of “Sri Lanka University Statistics 2015” which is the fourteenth volume of its series was published in June.
- The publication of “Sri Lanka Quality Frame Work 2015” in July 2016, which is the thirteenth volume of its series.
- Existing situation of the Hostel facilities in HEIs in 2015 was studied and the report was submitted to the Commission in 2015
- The progress of action taken to recover the amount due from the staff with regards to breach of bond agreement in HEIs was studied and report was submitted to the Commission in 2015.
- The Unit Recurrent Cost of Universities for the financial year 2015 was analyzed and the report, “Analysis of Unit Recurrent Cost per Undergraduate Student of Universities – 2015” was submitted to the Management Committee and the Commission.
- Existing situation of the Hostel facilities in HEIs in 2016 was studied and the report was submitted to the Management Committee and the Commission.
- Summary of Research and Development (R&D) survey 2014 report was submitted to the Management Committee and the Commission.

- The National Research and Development (R&D) Survey
  - (i) 2014 Survey was completed and relevant data were submitted to the NSF
  - (ii) 2015 Survey was conducted with the assistance of focal points of Universities and summary information will be submitted to the NSF in January 2017. Space Survey was conducted in Universities and information of few faculties yet to be received.
- Final merit order list of MBBS graduates based on final MBBS (Repeat) examination of 2008/09 intake was compiled and submitted to the Ministry of Health for the purpose of internship placements.
- Final merit order list of MBBS graduates based on final MBBS (Main) examination of 2009/10 Intake was compiled and submitted to the Ministry of Health for the purpose of internship placements.
- Merit order lists for Ayurveda doctors based on the repeat examination of 2007/08 intake was prepared and submitted to the Department of Ayurveda.
- Method to prepare Common Merit order list for Siddha Medicine was developed and accordingly, final Merit order list for Siddha Medicine doctors based on the final examination of 2007/08 intake was prepared and submitted to the Department of Ayurveda.
- Organizational Results Framework (ORF) for the UGC was prepared and submitted to the Department of Project Management and Monitoring and also the progress of the 3rd quarter of 2016 was submitted with the discussion of Director/Planning.
- Presentation on “Importance of Higher Education Information” to the Standing Committees was initiated by the Director/Planning. Assistance with developing the required presentations was provided for two presentations of Standing Committee on Humanities & Social Sciences and Medical & Dental Sciences in December 2016.
- Higher Education data for UNESCO Institute for Statistics (UIS) for the year 2015 were completed and submitted.
- Census of Public and Semi Government Sector Employability – 2016 for the UGC was successfully conducted on 17th November and summary reports and census questionnaires were submitted to the Department of Census and Statistics.

## 17. CENTER FOR GENDER EQUITY/EQUALITY (GEE)

### Background

The most fundamental problems affecting university life today is violence. The ritual of ragging imposes a culture of servility, submission and complacency. The University Grants Commission (UGC) through the Standing Committee on Gender Equity/Equality (GEE) appointed in October 2015 embarked on a significant and timely national initiative in 2016 with the aim of creating a violence-free safer place where students and staff dignity and equal rights are ensured, with an underlying principle of zero tolerance of ragging and sexual and gender-based violence (SGBV). Main task is to encourage and facilitate the state universities under its purview to work towards the prevention of ragging and SGBV by prioritizing policy implementation,

establishing workable institutional mechanisms, and administrative practices, as well as conducting inclusive programmes and developing curricula.

Plan of Action on addressing ragging and SGBV adopted a holistic three - pronged approach of *Prevention, intervention* and *Policy Advocacy*

This report summarizes the progress made in 2016 by the Standing Committee on GEE and the UGC Centre for Gender Equity/Equality (CGEE) under the three headings, Prevention, Intervention and Policy Advocacy. The activities carried out under the above three headings are listed below:

### 17.1 Prevention

- “High level consultative dialogue was conducted for executives and senior management of the UGC and all state universities in collaboration with the Association of Commonwealth Universities (ACU) and the University Grants Commission (UGC) India on “Prevention of Ragging and Sexual and Gender-based Violence”.

This was attended by Vice-Chancellors, Deans, Registrars, Bursars, Senior Student Counsellors, and Proctors to ensure key decision makers are aware of the importance of implementing guidelines, policies and by-laws relating to ragging and sexual gender-based violence to protect the rights of affected population. It also aimed to create awareness and encourage them towards zero tolerance of ragging and SGBV within the universities with the assistance of academic and administrative bodies.

- Directors of Staff Development Centres (SDCs), Directors of Career Guidance Units (CGUs) and senior academics with representation from fifteen (15) state universities were sensitized and capacity enhanced through workshops on “Training of Trainers”, to sensitize and build capacity on Gender Equity and Equality (GEE) and contribute towards formulating a strategy document on preventing ragging and SGBV in Sri Lankan State Universities.
- In cooperation with universities facilitated capacity building for the university management, academics and non-academics. They were gender-sensitized and made aware on ragging and SGBV and its physical and sociological consequences and legal aspects and have been facilitated to identify the symptoms of SGBV and equipped to handle instances of SGBV within the university. This activity would be repeated in all 14 universities.
- The members of the Standing Committee attended a multi-sectoral workshop on “Policy Framework and National Plan of Action to address Sexual and Gender-based Violence in Sri Lanka” organized by Ministry of Women and Child Affairs. With respect to Higher Education Sub Sector, UGC submitted the Plan of Action for 2016-2020.

### 17.2 Interventions

- A centralised Online Complaints System for filing complaints of ragging (identifying themselves or in anonymity) has been established in collaboration with the UGC of India and Aman Trust of India and housed at the UGC under its management. It provides easy access, to victims and to others who have observed

the incidence of ragging. It is operational across the 15 Sri Lankan State Universities.

It will enable students /observers of incidents, to file complaints online ([www.eugc.lk/](http://www.eugc.lk/) [helpme@ugc.ac.lk](mailto:helpme@ugc.ac.lk)) in addition to other modes such as in person, phone and in writing. All complaints will get registered on the Online Complaints System. This will be automatically conveyed to the UGC Chair and/or Director/CGEE through email/SMS. Respective universities will be contacted by the UGC. Progress of actions taken by the universities will be monitored by the UGC to ensure that universities respond and take appropriate and timely measures. If the ragging has crossed the threshold and become a crime the Vice-Chancellor must report it to the UGC.

- Awareness and demonstration programme was held for university executives (Council members, Vice-Chancellors, Registrars and Deans of all state universities) on the newly established online complaints system.
- Guidelines on establishing grievance mechanisms and reporting were disseminated to universities to facilitate all universities to develop their own mechanisms.
- A confidential and workable grievance mechanism to address complaints of ragging and SGBV is in place in seven universities.
- Ninety-eight (98) senior academics, representing 15 universities and identified as potential inquirers of complaints of ragging and SGBV in their own universities were trained on “Inquiry into Sexual Harassment” in December 2016.

### 17.3 Policy advocacy

- Centre for Gender Equity/Equality( CGEE) with a Director within University Grants Commission has been established and functioning in addressing all issues on ragging and SGBV and consultatively facilitating the establishment/development of appropriate structures/systems; policies/by-laws/guidelines on GEE, ragging and SGBV at universities, and monitoring and assisting the universities in their accountability and implementation of UGC policy on GEE
- Gender Focal Points (Centre/Cell/Committee/task force) with a Director/Coordinator within the university have been established at nine universities, with powers to ensure that gender is taken into account at all levels of the university and to address issues of ragging and SGBV.
- Adopting a consultative process facilitated the universities to develop gender policy for universities and strengthened the efforts of universities to undertake operational functions of the GEE policy. Six universities have in place GEE policies and guidelines for implementation of the policies. One university is implementing the policy in full.
- All universities have been offered facilitation by the CGEE on the formulation of codes of conduct for staff and students that cover amongst others ragging and sexual and gender-based violence. Two universities have developed Charter/Code of Conduct for staff and for students and one of the two have created awareness of it during the faculty-wise orientation programmes for students.

- Supported and strengthened existing grievance redress procedures related to ragging and SGBV in state universities  
Provided expertise on GEE to universities to contribute to gender related inputs to the university community.

## 18. UNIVERSITIES PENSION FUND

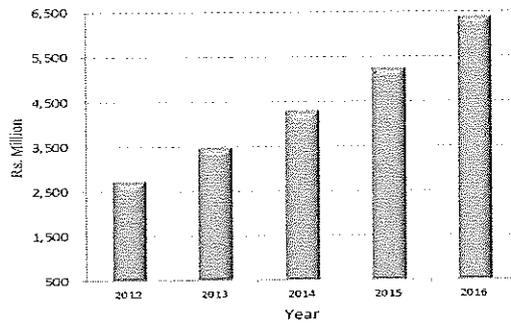
The Universities Pension Fund was established with effect from 1<sup>st</sup> September 1999 in terms of the Commission Circular No. 747 of 10<sup>th</sup> June 1999 issued by the UGC, as approved by the Cabinet of Ministers.

### Governance and Management

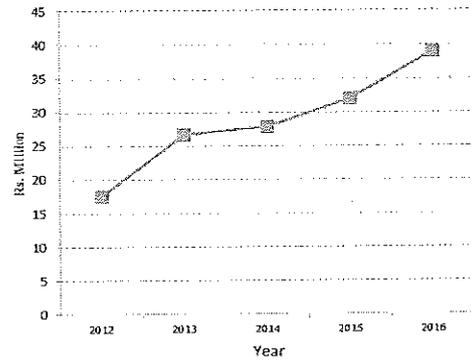
It was proposed to enhance and strengthen the Governance and Management of the Universities Pension Fund in 2013. Accordingly the Commission decided to appoint a Committee to draft an Ordinance for regulation, administration and management of the Universities Pension Scheme (UPS) and to appoint an Advisory/ Monitoring Board to review the activities of the UPS periodically. At present draft Ordinance is sent for Legal Draftsman's approval. Annual Accounts of the Fund were prepared and submitted to Auditor General for auditing. Investments were made in accordance with Government rules and regulations.

<b>FINANCIAL HIGHLIGHTS</b>						
<b>Pensions Fund</b>						
<b>University Grants Commission</b>						
	2012	2013	2014	2015	2016	
1	Members					
	Active Members	8,167	9,124	10,002	10,831	11,722
	Inactive Members	1,778	2,003	1,316	1,412	1,451
	Total Members	9,945	11,127	11,318	12,243	13,173
2	Total Membership	11,122	12,619	13,887	15,027	16,230
3	No. of Pension Receiving Members	121	149	172	193	222
4	No. of Lumpsum Refund Members	362	489	638	712	812
3	Fund Balance (Rs. Mn)					
	Contributors Fund	2,432	3,079	3,871	4,756	5,805
	Pensioner's Fund & Reserve	299	403	435	501	590
	Growth of the Fund %	22%	28%	23%	22%	21%
4	Total Investment (Rs. Mn)	2,454	2,937	3,546	4,494	5,704
5	Total Investment Income (Rs. Mn)	236	491	504	543	595
6	Income Tax (Rs. Mn)	20	41	36	29	(1)
7	Return on Investment (%)	10%	17%	15%	12%	10%
8	Declared Interest to Members	9%	13.50%	14%	11%	10.50%
9	Pension Payments (Rs. Mn)	17	27	28	32	39
10	Growth of the Pension Payment %	0	59%	4%	14%	21%

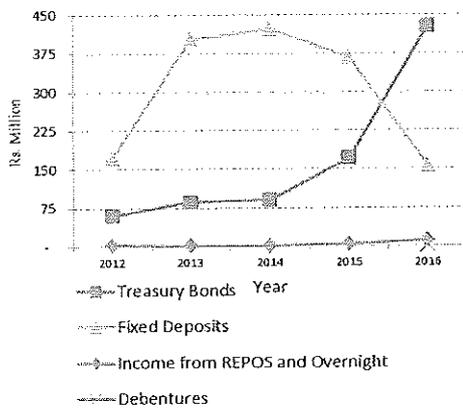
GROWTH OF THE FUND



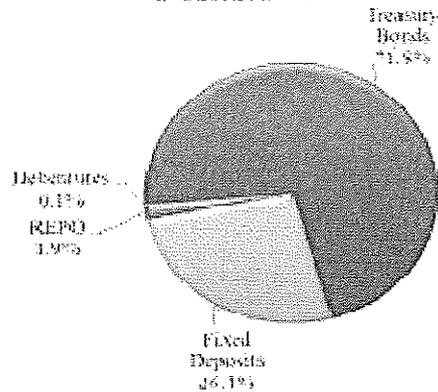
PENSION PAYMENTS



INVESTMENT INCOME



INCOME ANALYSIS - 2016



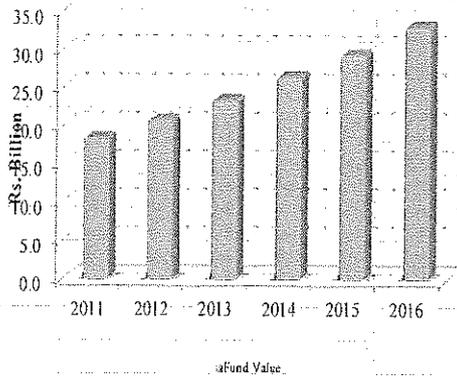
## 19. UNIVERSITIES PROVIDENT FUND

The Universities Provident Fund has been established in terms of provision in Sections 89 - 96 of the Universities Act No. 16 of 1978 as a retirement assurance plan for employees in the university system. The aim of the Universities Provident Fund is to manage the fund prudently to ensure a better return to members at retirement or termination of their services.

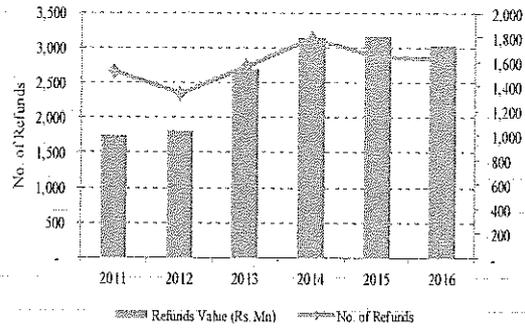
Financial Highlights of the Provident Fund are given below;

	As at	2011	2012	2013	2014	2015	2016
1. Membership							
Active Members	31-Dec	27,892	28,291	30,103	29,398	30,276	32,055
Inactive Members	31-Dec	5,288	5,272	5,251	5,234	5,222	5,218
2. Refunds							
No. of Refunds	31-Dec	2,663	2,349	2,722	3,130	2,864	2,845
Refunds Value (Rs. Mn)	31-Dec	997	1,031	1,543	1,799	1,803	1,737
3. Fund Balance (Rs. Mn)	31-Dec	18,502	20,832	23,457	26,504	29,419	33,052
4. Loan Balance (Rs. Mn)	31-Dec	4,031	4,174	4,652	4,710	4,662	4,745
5. General Reserve (Rs. Mn)	31-Dec	124	391	430	116	250	220
6. Interest Rate Equalization Reserve (IRER) (Rs. Mn)	31-Dec	282	-	-	-	-	-
7. Loan Granted during the year (Rs. Mn)	31-Dec	859	784	1,243	892	804	916
8. Total Investments (Rs. Mn)	31-Dec	13,582	15,692	16,607	18,592	18,543	23,763
9. Investment Income (Rs. Mn)	31-Dec	1,561	1,751	2,455	2,671	2,678	2,852
10. Income Tax (Rs. Mn)	31-Dec	125	141	193	157	132	57
11. Return on Investments	31-Dec	11.50%	11.16%	14.78%	14.37%	13.82%	12.87%
12. Declared Interest - On Opening Balance	1-Jan	9.5%	11.0%	13.50%	15.00%	11.00%	11.30%

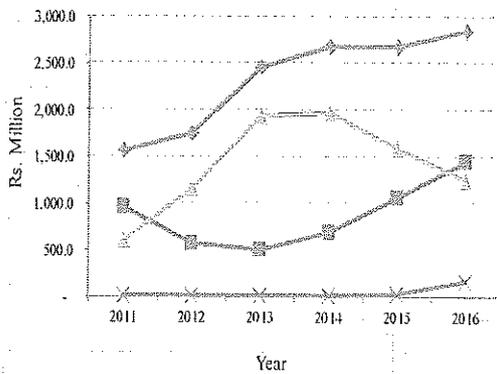
**Growth of the University Provident Fund**



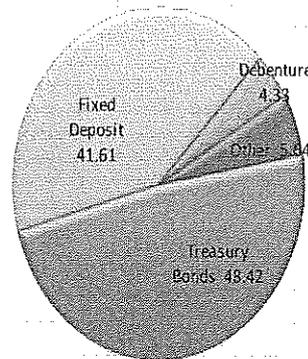
**Refunds**



**Annual Investment Income**



**Composition of Income**



**20. COMMISSION CIRCULARS AND ESTABLISHMENT CIRCULAR LETTERS ISSUED DURING 2016**

The UGC within the powers, duties and functions vested by the Universities Act No. 16 of 1978 and also the directives made by the respective government bodies with regard to the matters pertaining to salaries, schemes of recruitment & cadres, and other administrative matters etc, following Commission Circulars and Establishment Circular Letters were issued during the year under review for smooth functioning of the UGC and the Higher Educational Institutions. In 2016 the UGC issued 19 Circulars (14 in 2015) on new subjects while by others previous Circulars were updated.

It is noteworthy to record that during the year 2015, the UGC initiated revising the Establishments Code of the UGC and universities which was published in 1984, which was completed in 2016. Given the magnitude and complexity of the task, guidance and assistance have been obtained from retired eminent personnel from university system and some existing senior administrators from the UGC & Universities.

## a) Commission Circulars

Circular No	Subject	Date of Circular
01/2016	Guidelines for Determining Rates of Payments for the management for Centers/Units of External Degrees and extension courses and for conducting external examinations & related activities	01.01.2016
02/2016	Revision of Academic Allowance	21.01.2016
03/2016	Re-Designation of the post of Director/ Accommodation as 'Director/Student Accommodation'	05.02.2016
04/2016	Guidelines for use of funds generated from self -financing activities (SFAs) in the universities and Higher Education Institutes	01.03.2016
07/2014 (i)	Payment of Additional Monthly Allowance to the University Staff	24.03.2016
03/2015 (i)	Payment of Interim Allowances to the employees serving on contract basis in Government Corporations, Statutory Boards and fully owned Government Companies as per Budget Proposals -2015	22.04.2016
09/2015(i)	Written Examination for Promotion to Grade II of the posts of Clerk/Store Keeper/Shroff/Computer Applications Assistant	26.04.2016
08/2015 (i)	Granting benefits of reducing the required service period to the Sub-Wardens promoted to Special Grade and Grade I	03.05.2016
05/2016	Payment of increments as incentive to Diploma and Degree holders	12.05.2016
06/2016	Revision of Payment of Equalization Allowance to Medical Officers and Dental Surgeons attached to Health Centers in the university system	27.05.2016
07/2016	Amendment to the Selection Committee for the post of Bursar	03.06.2016
08/2016	Amendments to the Schemes of Recruitment for the posts of Lecturer (Probationary), Senior Lecturer Gr II & I -(Medical/Dental) and Non-(Medical/Dental)	14.06.2016
09/2016	Filling of Vacancies in the Posts of Non-Academic Staff in the University System	21.06.2016
10/2016	Strengthening of University Business Linkages (UBL) in State Universities	25.07.2016
11/2016	Trade Union Action	04.08.2016
11/2016 (i)	Trade Union Action	05.08.2016
11/2016 (ii)	Trade Union Action	18.08.2016
12/2016	Compensation for university employees who suffer injury whilst on duty	18.08.2016
13/2016	Amendment to the Policy Framework and Guidelines for offering External Degrees and External Programmes by Universities/Higher Educational Institutes	31.08.2016
14/2016	Appointment to the post of Vice-Chancellor	28.09.2016
15/2016	Schemes of Recruitment for the posts of Management Assistant and Office Aid	04.10.2016

08/2016 (i)	Amendments to the Schemes of Recruitment for the posts of Lecturers (Probationary), Senior Lecturer Grade II and Grade I – (Medical/Dental) and Non-(Medical/Dental)	17.11.2016
16/2016	Retirement Age of the Employees other than the Teachers in the university system	17.11.2016
17/2016	Revision of salaries for the staff of University Grants Commission and Academic & Non-Academic Staff in the Higher Educational Institutions-2016	05.12.2016
17/2016 (i)	Revision of salaries for the staff of University Grants Commission and Academic & Non-Academic Staff in the Higher Educational Institutions-2016	08.12.2016
18/2016	Study Leave to Teachers	15.12.2016
19/2016	Sabbatical Leave to Teachers and Officers	16.12.2016

**b) Establishments Circular Letters**

<b>Estab. Circular Letter No</b>	<b>Date of Circular Letter</b>	<b>Subject</b>
01/2016	Celebration of State Vesak Festival -2016	27.04.2016
02/2016	Adoption of Public Administration Circular No. 31/(2001)(XI) – List of Names of Disciplinary Inquiry Officers	05.05.2016
03/2016	Granting of Special Leave During the Ramalan (Ramazan) Season – 2016	07.06.2016
04/2016	Cadre and Remuneration Management of Projects	10.08.2016
05/2016	Issuing of Motor Vehicle Permits on Concessionary Terms	22.08.2016
06/2016	Issuing of Motor Vehicle Permits on Concessionary Terms	22.09.2016
07/2016	Payment of Holiday Pay for Administrative Officers for working on Public Holidays and Weekends	22.09.2016
08/2016	Determining the Effective date of promotion to the post of Senior Lecturer Grade II (Medical/Dental) in receipt of the Board Certification of the PGIM	11.10.2016
09/2016	Revision of Fees for Translations, Interpretations and Typing	03.11.2016
10/2016	Leave for University Staff who could not report for duty due to Floods, Earth slips and Obstructions of Roads- May 2016	21.11.2016
11/2016	Recruitments to the posts of Lecturer (Probationary)/ Senior Lecturer Grade II/ Senior Lecturer Grade I in the Department of Community Medicine	30.11.2016
05/2016(i)	Issuing Motor Vehicle Permits on concessionary terms	06.12.2016
12/2016	Determining of effective date of promotion to the post of Senior Lecturer Grade II	15.12.2016
13/2016	Adoption of Public Administration Circular No. 27/2016	27.12.2016
14/2016	Adoption of Public Administration Circular No. 31/2016 - Payment of Special Advance	28.12.2016

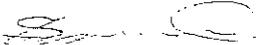
## UNIVERSITY GRANTS COMMISSION

## Financial Statements 2016 / Statement of Financial Position

LKR

As at 31st December 2016	Note	2016	2015 (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	1	1,038,442,452	541,262,961
Receivables	2	126,275,566	98,052,511
Inventories		2,840,786	3,160,572
Pre Payments/Deposits	3	22,721,409	26,972,666
<b>Total current assets</b>		<b>1,190,280,213</b>	<b>669,448,710</b>
<b>Non Current Assets</b>			
Infrastructure, Plant & Equipments	4	69,012,086	65,247,143
Land & Building	4	507,046,286	503,950,186
Work in progress - UGC Building		18,703,990	1,563,240
Investments	5	55,582,534	73,458,127
Bond Premium		7,938,241	8,864,795
Endowment /Scholarship fund Investments	6	19,278,187	18,671,455
<b>Total non-current assets</b>		<b>677,561,323</b>	<b>671,754,946</b>
<b>Total assets</b>		<b>1,867,841,536</b>	<b>1,341,203,656</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	7	619,624,518	524,052,613
Payments received in advance/Deposits	8	6,116,534	6,555,898
<b>Total current liabilities</b>		<b>625,741,051</b>	<b>530,608,511</b>
<b>Non- Current Liabilities</b>			
Retirement Benefit Obligation	9	42,006,685	36,587,518
Endowment Fund	10	23,899,632	22,464,024
Research Funds	11	12,624,243	12,705,985
Specific Funds	12	32,002,312	31,146,210
<b>Total non-current liabilities</b>		<b>110,532,872</b>	<b>102,903,737</b>
<b>Total liabilities</b>		<b>736,273,923</b>	<b>633,512,248</b>
<b>NET ASSETS</b>		<b>1,131,567,614</b>	<b>707,691,409</b>
<b>CONSOLIDATED FUND &amp; RESERVES</b>			
Deffered capital grants	13	69,109,707	63,740,608
Capital grants-Unspent	14	65,286,501	41,578,491
Rehabilitaion & Imp.grants-Unspent	15	11,680,636	3,419,437
Human Capital development grant-unspent	16		34,224,316
Budget Proposal - 2017	17	409,054,248	-
Staff Development Fund		31,655,391	37,497,213
UGC development fund		15,000,000	-
Revaluation Surplus		509,313,767	509,313,767
Accumulated Surpluses/ (Deficits)		20,467,362	17,917,576
<b>TOTAL NET ASSETS/ EQUITY</b>		<b>1,131,567,614</b>	<b>707,691,406</b>

The Accounting policies on pages 05 to 09 & Notes on pages 10 to 20 from an integral part of these Financial Statements. The members of the University Grants Commission are responsible for the preparation & presentation of these Financial Statements. These Financial Statements were approved by the members of the University Grants Commission & signed on their behalf.

  
Prof. P. S. M. Gunaratne  
Vice Chairman

  
R.A.U Ranaweera  
Accountant

## UNIVERSITY GRANTS COMMISSION

## Financial Statements 2016 / Statement of Financial Performance

LKR

For the Period of January to December 2016	Note	2016	2015
<b>REVENUE</b>			
Government Grants	18	2,300,145,995	1,591,484,503
Other Revenue	19	57,403,216	49,226,246
<b>Total Revenue</b>		<b>2,357,549,210</b>	<b>1,640,710,749</b>
<b>EXPENSES</b>			
Wages, Salaries & Employee Benefits	20	193,794,398	166,264,184
Supplies & Consumables Used	21	81,858,147	58,021,613
Grants & other Transfer Payments	22	1,993,861,505	1,312,190,878
Depreciation & Amortization Expenses	23	24,371,220	24,330,392
Rehabilitation Expenses	24	9,490,326	9,450,828
Other Expenses	25	37,215,126	27,371,421
<b>Total Expenses</b>		<b>2,340,590,721</b>	<b>1,597,629,316</b>
<b>Surplus/(defecit) for the period</b>		<b>16,958,489</b>	<b>43,081,432</b>

**UNIVERSITY GRANTS COMMISSION**  
**Financial Statements 2016 / Cash Flow Statement**

LKR

For the Year Ended 31st December 2016	2016	2015 (Restated)
<b>Cash flows from operating activities</b>		
Surplus/(deficit)	16,958,489	43,081,432
<b>Adjustments for Non-cash movements</b>		
Prior year adjustment	591,297	(6,494,225)
Transferred to UGC Development Fund	(15,000,000)	-
Depreciation	24,371,220	24,330,392
Amortization	(33,861,545)	(33,781,219)
Bond Premium	926,555	926,555
Increase in inventory	319,786	(973,642)
Increase in payables	95,132,540	385,880,197
Provision for gratuity	8,353,634	1,819,521
(Gains)/losses on sale of property, plant and equipment	100,606	47,492
Increase in prepayments/deposits	4,251,257	(15,757,493)
Increase in receivables	(28,223,055)	(5,853,353)
Interest received		-
Interest payments		-
Gratuity payment	(2,934,468)	(3,201,458)
<b>Net cashflows from operating activities</b>	<b>70,986,316</b>	<b>390,024,199</b>
<b>Cash flows from Investing activities</b>		
Purchase of plant and equipment	(24,438,015)	(40,875,441)
Proceeds from sale of plant and equipment		-
Investment in Fixed Deposits/Treasury Bonds	17,268,861	(259,132)
Increase in WIP - UGC Building	(17,140,750)	(278,751)
<b>Net cash used in investing activities</b>	<b>(24,309,904)</b>	<b>(41,413,324)</b>
<b>Cashflows from financing activities</b>		
Capital grants received	53,805,000	64,704,614
Rehabilitaion grants	10,500,000	10,000,000
Decrease in research funds	(81,742)	(237,765)
funds received for specific activities	856,102	10,021,208
Receipts/(payments )from scholarship fund	1,435,608	421,467
Decrease in staff Development fund/UGC Development Fund	9,158,178	(25,768,695)
Finance lease		-
Increase/ (Decrease) in Human capital funds	(34,224,316)	24,557,906
Increase in Budget Proposal - 2017	409,054,248	-
<b>Net cash used in financing activities</b>	<b>450,503,079</b>	<b>83,698,735</b>
<b>Net increase /(decrease) in cash &amp; cash equivalents</b>	<b>497,179,491</b>	<b>432,309,610</b>
<b>Cash &amp; cash equivalents at the beginning of the year</b>	<b>541,262,961</b>	<b>108,953,351</b>
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>1,038,442,452</b>	<b>541,262,961</b>
<b>Note-1</b>		
BOC-2323284	432,552	4,703,238
BOC-University Scholarship fund	7,331,659	6,559,723
Call deposit	850,000,000	530,000,000
Deposited in 80045617	180,678,240	-
	<b>1,038,442,452</b>	<b>541,262,961</b>

## UNIVERSITY GRANTS COMMISSION

Financial Statements 2016 / Statement of Changes in Equity for the year ended 31<sup>st</sup>

Description	Deferred Grants	Unspent Grant	Retained Surplus/(Deficit)	UGC Development Fund	Revaluation Surplus	Staff & UGC Development Fund	Total
Balance as at 01.01.2016	63,740,608	79,222,244	17,917,576	-	509,313,767	37,497,213	707,691,408
Prior Year Adjustments			591,297				591,297
<b>Balance as at 01.01.2016</b>	<b>63,740,608</b>	<b>79,222,244</b>	<b>18,508,873</b>		<b>509,313,767</b>	<b>37,497,213</b>	<b>708,282,705</b>
Increased in Capital Grants	5,369,099						5,369,099
Surplus/(Deficit) for the Year			16,958,489				16,958,489
Increase in Unspent fund		406,799,141					406,799,141
Decreased from UGC Development Fund/ Staff Development Fund						(5,841,822)	(5,841,822)
Transferred to UGC Development Fund			(15,000,000)	15,000,000			-
<b>Balance As at 31/12/2016</b>	<b>69,109,707</b>	<b>486,021,385</b>	<b>20,467,362</b>	<b>15,000,000</b>	<b>509,313,767</b>	<b>31,655,391</b>	<b>1,131,567,614</b>



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கணக்காய்வாளர் தலைமை அகிபுரி திணைக்களம்  
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය  
எனது இல.  
My No.

එවිර්ට්/ජී/යූජීසී/6/16/1

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

2017 නොවැම්බර් 10 දින

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විශ්වවිද්‍යාල ප්‍රතිපාදන කොමිෂන් සභාව.

විශ්වවිද්‍යාල ප්‍රතිපාදන කොමිෂන් සභාවේ 2016 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන පිළිබඳව 1978 අංක 16 දරන විශ්වවිද්‍යාල පනතේ 12(5) වගන්තිය ප්‍රකාර විගණකාධිපති වාර්තාව

මාගේ සමාංක හා 2017 ඔක්තෝබර් 16 දිනැති ලිපියට යොමුවේ.

02. ඉහත සඳහන් ලිපිය සමඟ එවන ලද මාගේ වාර්තාවේ ඉංග්‍රීසි අනුවාදය මේ සමඟ එවා ඇත.

අතිරේක විගණකාධිපති

විගණකාධිපති වෙනුවට.

- පිටපත් :
- 1. ලේකම් - උසස් අධ්‍යාපන හා මහාමාර්ග අමාත්‍යාංශය
  - 2. ලේකම් - මුදල් හා ජනමාධ්‍ය අමාත්‍යාංශය



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



මගේ අංකය } HED/A/UGC/6/16/1  
எனது இல. }  
My No. }

මගේ අංකය }  
உமது இல. }  
Your No. }

දිනය } 16 October 2017  
திகதி }  
Date }

The Chairman  
University Grants Commission

**Report of the Auditor General on the Financial Statements of the University Grants Commission for the year ended 31 December 2016 in terms of Section 12(5) of the Universities Act, No.16 of 1978**

The audit of the financial statements of the University Grants Commission for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statement of financial performance, statement of changes in equity 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 Sub sections 12(4) and (8) of the Universities Act, No.16 of 1978. My comments and observations which I consider should be published with the Annual Report of the University Grants Commission in terms of Section 12(5) of the Universities Act appear in this report.

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

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

**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 the ethical



requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission'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 Commission'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 financial statements. Section 111 of the Universities Act, No. 16 of 1978 gives discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

## 2. Financial Statements

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### 2.1 Opinion

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In my opinion, the financial statements give a true and fair view of the financial position of the University Grants Commission as at 31 December 2016 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

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#### 2.2.1 Non-disclosure of Transactions with Related Parties

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A Limited by Guarantee Company had been incorporated under the Companies Act, No.07 of 2007 by the name Lanka Education and Research Networks on 25 June 2009 not in conformity with the Universities Act by the Vice Chairman of the University Grants Commission and the University Lecturers performing as the Chairman and the



Board of Directors of this Company respectively. That Company had provided Internet facilities to the Higher Educational Institutions and no disclosures had been made in the financial statements in this connection.

### 2.2.2. Unexplained Differences

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A Loan Register including loans issued for the staff of the Commission and monthly abatements had not been properly maintained and according to the Schedules presented with the financial statements as at 31 December 2016 and as compared with the balance of the Abatement Register, the staff loan balances totalled Rs.1,958,127, thus observing a difference of Rs.1,109,059.

### 2.3 Accounts Receivable

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Action had not been taken to settle the expenditure totalling Rs.893,271 incurred for the Line Ministry in the year 2011 and it had been continuously brought forward as advances.

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

---

Insurance premiums of Rs.1,317,405 had been paid in the year under review by obtaining insurance cover based on the market value of the year 2014 of motor vehicles for 17 motor vehicles after selecting an insurance company without calling for quotations from competitive institutions contrary to paragraph 02 of Public Finance Circular No. 04/2015 of 14 July 2015.

## 3. Financial Review

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### Financial Results

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According to the financial statements presented, the financial result of the year under review had been a surplus of Rs.16,958,489 as compared with the corresponding surplus of Rs.43,081,432 for the preceding year thus indicating a deterioration of Rs.26,122,943 in the financial result of the year under review as compared with the



preceding year. The increase in salaries, wages and expenditure on employees' benefits by Rs.27,530,214 had been the main reason for the above deterioration.

An analysis of financial results of the year under review and 4 preceding years revealed that the surplus of Rs.17,835,677 of the year 2012 was being varied up to the year 2016. However, in readjusting employees' remuneration and depreciation for non-current assets to the financial result, the contribution of the Commission which amounted to Rs.171,093,830 in the year 2012, had slightly decreased in the year 2013. Nevertheless, it had continuously improved from the year 2014 and had become Rs.235,124,107 in the year 2016.

### 3.3 Legal Actions initiated against the Commission

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Fifty four legal cases filed against the Commission in Courts and other institutions were on trial as at 31 December of the year under review and 30 cases out of them were commenced in the year under review.

## 4. Operating Review

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### 4.1 Performance

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In terms of the Universities Act, No.16 of 1978, the objectives of the Commission are planning and co-ordination of university education so as to conform to national policy, the appointment to Higher Educational Institutions, of the funds voted by Parliament in respect of university education and the control of expenditure by those Higher Educational Institutions, the maintenance of academic standards in Higher Educational Institutions, the regulation of the administration of Higher Educational Institutions and the regulation of the admission of students to each Higher Educational Institutions.

The following observations are made in respect of achieving those objectives.



**(a) Admission of Students to Universities**

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According to the audit test of the number of students selected to universities during the 04 preceding years, the number of students selected to universities out of students qualified for university education had increased from 15 per cent to 18 per cent from the academic year of 2012/2013 up to the academic year of 2015/2016.

**(b) Vacancies created after Admission of Local Students to Universities**

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The following observations are made.

- (i) As the students who fill the qualifications for courses such as Physical Science, Agro Technology and Management, Food Science and Technology, Computer Science and Biology which are conducted by the Commission in main universities such as Colombo, Kelaniya and Sri Jayawardenepura as well as in other universities do not register for those courses, student vacancies had come up. Action had not been taken to once again enroll the students who further apply for those student vacancies. As such, there had been 1,794 vacancies, 1,455 vacancies and 1,695 vacancies from the academic year 2013/2014 to the academic year 2015/2016. Accordingly, it was observed that a large number of students who had fulfilled the qualifications for entrance to university had been deprived of same.
- (ii) Out of the 1,695 vacancies that existed in the academic year of 2015/2016, the students relating to 990 vacancies who had qualified for various courses in the university had been informed to become registered. However, it was observed that they had been vacancies due to non-acceptance of university entrance as a result of the outdated and conventional nature in the courses. Moreover, the Deans had informed the University Grants Commission to refrain from admitting students after the commencement of academic activities in the university. As such, it was observed that vacancies had come up.



### (c) Vacancies created after Admission of Foreign Students to Universities

The following observations are made.

- (i) According to the Decision of 25 January 2011 of the Cabinet of Ministers, it had been decided to enroll foreign students to universities of Sri Lanka. However, the following variances were observed between the proposed number of students and the number of students enrolled in the enrollment of foreign students to universities for three preceding academic years.

Academic Year	Number of Proposed Students	Number of Students Enrolled	Number of Vacancies
2013/2014	62	41	21
2014/2015	36	27	09
2015/2016	61	17	44

- (ii) The tendency of foreign students who are selected to local universities, failing to enter universities outside Colombo had been the main reason for these vacancies. It was observed in audit that along with the improvement of the position of those universities, failure in the improvement of other facilities including transport facilities, accommodation, food and sanitary facilities had been the main reason for the non-admission of foreign students.

#### 4.2 Management Activities

A building of a monthly rent of Rs.150,000 as per the valuation report of the Chief Valuer had been obtained for a monthly rent of Rs.225,000 for a period of one year for obtaining space facilities for the Standing Committee of Gender Equity/Equality



and the Quality Assurance and Accreditation Council established in the year 2015 by the Commission.

#### 4.3 Transactions of Contentious Nature

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The following observations are made.

- (a) The sum of Rs.24 million remaining from the sum of Rs.190 million granted from the Treasury as capital grants in the years 2014 and 2015 to the Commission for the development of human resources in universities had been credited to the income of the year under review by the Commission without the approval of the Treasury.
- (b) A sum of Rs.1,301,220 had been reimbursed as entertainment expenses to the officers of the Commission from 28 May 2014 to 31 December 2016 on different percentages based on the salary prepared in accordance with the Internal Circular No.2014/6(ii) of 07 May 2015 issued on a Decision taken by the Commission without the concurrence of the Treasury.
- (c) Monies recovered from lecturers on breach of agreements should be credited to the University Fund in terms of Sections 10 (2) and 99 (1) of the Universities Act. However, contrary to that, according to the Commission Circular No.737 of 18 August 1998, a Fund named "Bond Violation/Breach Fund" had been established and the monies of the lecturers who breached agreements had been credited to it. Moreover, the income earned from the investment of those monies had been used for miscellaneous expenses of the Commission and the universities. According to the audit test check, sums of Rs.1,198,916 and Rs.266,413,842 had been retained as at the end of the year under review in the "Bond Violation Fund Account" of the Commission and 6 universities respectively.
- (d) According to an audit test check, a sum of Rs.189,232,994 was recoverable as at the end of the year under review from lecturers of 4 universities who breached agreements and action had not been taken in terms of Sections 7.6 and 7.8 of



Chapter V of the Universities Establishments Code in respect of recovering that amount.

#### 4.4 Underutilization of Funds

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The following observations are made.

- (a) Provisions of Rs.3,855,000,000 had been allocated in the year under review by the Treasury through the supplementary estimate for 05 capital works and out of that, a sum of Rs.1,750,000,000 had been granted by the Treasury for 03 capital works. Out of the sum of Rs.900,000,000 granted on 29 December 2016, a sum of Rs,409,054,248 had remained by the end of the year under review.
- (b) Even though 30 Fund Accounts comprising Rs.23,899,632 had been maintained by the Commission for awarding of scholarships of different categories, only a sum of Rs.15,336,221 in 05 Fund Accounts had been utilized for scholarship activities. An unutilized balance of Rs.8,563,411 existed in 25 Fund Accounts and that amount had been invested in bank fixed deposit accounts.

#### 4.5 Delayed Projects

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An agreement had been entered into with a contractor on 22 June 2015 for a contract value of Rs.59,842,180 for the construction of the four storeyed building of the Commission. Even though the due date of completing works was 14 September 2016 in accordance with the agreement, the physical progress of the project as at that date was 35 per cent. In consideration of a request made on 10 August 2016 by the contractor, the Commission had extended the period of contract up to 12 January 2017 and afterwards up to 10 April 2017. However, it was observed at the physical verification that the constructions of the building had not been completed even by 20 June 2017.



#### 4.6 Staff Administration

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The following observations are made.

- (a) The approved cadre and the actual cadre of the Commission as at 31 December 2016 stood at 318 and 259 respectively and the number of vacancies was 59.
- (b) A monthly allowance of Rs.200,000 had been paid without the approval of the Treasury by recruiting a Medical Officer with a Postgraduate Degree in Surgery on 03 October 2016 on assignment basis instead of appointing a permanent officer by adhering to the Scheme of Recruitment for the post of Director (Planning) which was vacant since November 2014.
- (c) An officer had been recruited without the approval of the Treasury on 03 October 2016 for a post of Co-ordinator, which was not included in the approved cadre, on a monthly allowance of Rs.200,000 for strengthening English and Information Technology.

#### 5. Accountability and Good Governance

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##### Procurement Plan

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A sum of Rs.3.5 million for the installation of a Security Camera System in 9 places of the main building of the Commission and a sum of Rs.3 million to establish a Human Resource Information System had been included in the Procurement Plan for the year 2016. However, those activities had not been commenced in the year under review and those activities had been included again in the Procurement Plan for the year 2017.

#### 6. Systems and Controls

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



## Areas of Systems and Controls

## Observations

- |   |   |
|---|---|
| (a) Funds Control                         | Improper utilization of funds.  |
| (b) Financial Control                     | Improper maintenance of a Register of Loans including loans and abatements granted to the staff.                      |
| (c) Control of Projects                   | Non-preparation of proper Procurement Plans, Non-achievement of relevant targets and delays in construction projects. |
| (d) Admission of Students to Universities | Failure in introducing courses in a manner to suit the present.   |

W.P.C. Wickramaratne  
 Acting Auditor General

**Sgt. H.M. GAMINI WIJESINGHE**  
 Auditor General

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE UNIVERSITY GRANTS COMMISSION FOR THE YEAR ENDED 31 DECEMBER 2016 IN TERMS OF SECTION 12(5) OF THE UNIVERSITIES ACT, NO.16 OF 1978

Matters pointed out by the Auditor General	Replies and observations submitted to the Auditor General	Proposed steps and its present position and activity								
<p>2.2 <u>Comments on Financial Statements</u></p>										
<p>2.2.1 <u>Non-disclosure of transactions with related parties</u></p>	<p>A Limited by Guarantee Company had been incorporated under the Companies Act, No.07 of 2007 by the name Lanka Education and Research Networks on 25 June 2009 not in conformity with the Universities Act by the Vice Chairman of the University Grants Commission and the University Lecturers performing as the Chairman and the Board of Directors of this Company respectively. That Company had provided Internet facilities to the Higher Educational Institutions and no disclosures had been made in the financial statements in this connection</p>	<p>Agreed As an audit recommendation, the actions will be taken to disclose the transactions with related parties from 2017.</p>								
<p>2.2.2 <u>Unexplained Differences</u></p>	<p>A Loan Register including loans issued for the staff of the Commission and monthly abatements had not been properly maintained and according to the Schedules presented with the financial statements as at 31 December 2016 and as compared with the balance of the Abatement Register, the staff loan balances totaled Rs.1,958,127, thus observing a difference of Rs.1,109,059.</p>	<p>Not agreed.  The University Grants Commission is being prepared financial statement after reconciling staff loan balance and schedules in regular manner.</p>								
	<table border="1"> <thead> <tr> <th data-bbox="1477 315 1573 472">Employee no.</th> <th data-bbox="1477 472 1573 674">Value according to the schedules</th> <th data-bbox="1477 674 1573 853">Value according to the staff loan balance</th> <th data-bbox="1477 853 1573 913">explanation</th> </tr> </thead> <tbody> <tr> <td data-bbox="1477 472 1573 539">157</td> <td data-bbox="1477 539 1573 607">250,000.00</td> <td data-bbox="1477 607 1573 674">134,108.26</td> <td data-bbox="1477 674 1573 913">The loan</td> </tr> </tbody> </table>	Employee no.	Value according to the schedules	Value according to the staff loan balance	explanation	157	250,000.00	134,108.26	The loan	
Employee no.	Value according to the schedules	Value according to the staff loan balance	explanation							
157	250,000.00	134,108.26	The loan							

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General				Proposed steps and its present position and activity
		363	243,450.00	30,591.50	balance, is accurately tallied according to the sub-schedule and staff loan schedule	
		417	250,000.00	137,499.91		
		432	210,250.00	123,339.94		
		489	171,870.00	--		
		518	250,000.00	16,000.13		
		538	193,690.00	--		
		417	10,200.00	--		
		417	30,000.00	--		
		417	120,000.00	--		
		216	(-927)	191,666.62		
		239	208,333.31	207,362.51	In September 2016, University Grants Commission has introduced a new software to prepare the salaries of the staff. When the initial	

Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General				Proposed steps and its present position and activity
			<p>balance is brought forward through this new software in October 2016 this change has arisen due to a system failure, and the above error has been corrected by now.</p>		
			<p>731.00</p>	<p>--</p>	
			<p>41</p>	<p>--</p>	<p>When an employee retires his name will be removed from the salary system from the following month that he retired. Accordingly, the name mentioned in</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General			Proposed steps and its present position and activity
					<p>the audit query has been removed from the staff loan register from November 2016. But this staff loan has been mentioned in the permanent loan register. Accordingly, only after the settlement of the employee's loan, the balance will be removed from the staff loan register.</p>
		432	10,200.00	8,500.00	<p>The values are accurately tallied according to the sub - schedule and</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General				Proposed steps and its present position and activity
					staff loan register.	
		393	(170)	--	In September 2016, University Grants Commission has introduced new software to prepare the salaries of the staff. When the initial balance is brought forwarded through this new software in October 2016 this change has arisen due to a system failure, and that error has been corrected by now.	
		375	(500)	--		

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
2.3 <u>Accounts Receivable</u>	Action had not been taken to settle the expenditure totaling Rs.893,271 incurred for the Line Ministry in the year 2011 and it had been continuously brought forward as advances.	Agreed. Written requests have been submitted to the Line Ministry to take necessary steps to settle the amounts.	Agreed. Written requests have been submitted to the Line Ministry to take necessary steps to settle the amounts.
2.4 <u>Non-Compliance with Laws, Rules, Regulations and Management Decisions</u>	Insurance premiums of Rs.1,317,405 had been paid in the year under review by obtaining insurance cover based on the market value of the year 2014 of motor vehicles for 17 motor vehicles after selecting an insurance company without calling for quotations from competitive institutions	By now the University Grants Commission has taken actions to insure the vehicles by calling for quotations from the competitive institutions owned by the government.	The University Grants Commission has taken actions to insure the vehicles by calling for competitive quotations.
3 <u>Financial Review</u>			
3.1 <u>Financial Results</u>	According to the financial statements presented, the financial result of the year under review had been a surplus of Rs.16,958,489 as compared with the corresponding surplus of Rs.43,081,432 for the preceding year thus indicating a deterioration of Rs.26,122,943 in the financial result of the year under review as compared with the preceding year. The	Not agreed  The total expenditure of the University Grants Commission is Rs. 2,340,590,721. Out of that expenditure Rs. 2,300,145,995 was received as Treasury grants and the remaining Rs. 40,447,726 was settled through the generated income of the Commission.  Due to this reason, the surplus of the Commission was declined by 60%. It is not a deterioration of the financial position but an increase of the contribution of UGC to settle the Public expenditure.	Not agreed  The total expenditure of the University Grants Commission is Rs. 2,340,590,721. Out of that expenditure Rs. 2,300,145,995 was received as Treasury grants and the remaining Rs. 40,447,726 was settled through the generated income of the Commission.

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
<p><u>3.2 Legal Actions initiated against the Commission</u></p>	<p>increase in salaries, wages and expenditure on employees' benefits by Rs.27,530,214 had been the main reason for the above deterioration.</p> <p>An analysis of financial results of the year under review and 4 preceding years revealed that the surplus of Rs.17,835,677 of the year 2012 was being varied up to the year 2016. However, in readjusting employees' remuneration and depreciation for non-current assets to the financial result, the contribution of the Commission which amounted to Rs.171,093,830 in the year 2012, had slightly decreased in the year 2013. Nevertheless, it had continuously improved from the year 2014 and had become Rs.235,124,107 in the year 2016.</p> <p>Fifty four legal cases filed against the Commission in Courts and other institutions were on trial as at 31 December of the year under review and 30 cases out of them were commenced in</p>	<p>Agreed with the observations.</p>	<p>Due to this reason, the surplus of the Commission was declined by 60%. It is not a deterioration of the financial position but an increase of the contribution of UGC to settle the Public expenditure.</p> <p>Agreed with the observations.</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
<p>4. <u>Operating Review</u></p> <p>4.1 <u>Performance</u></p>	<p>the year under review.</p> <p>In terms of the Universities Act, No.16 of 1978, the objectives of the Commission are planning and co-ordination of university education so as to conform to national policy, the appointment to Higher Educational Institutions, of the funds voted by Parliament in respect of university education and the control of expenditure by those Higher Educational Institutions, the maintenance of academic standards in Higher Educational Institutions, the regulation of the administration of Higher Educational Institutions and the regulation of the admission of students to each Higher Educational Institutions.</p> <p>The following observations are made in respect of achieving those objectives.</p>	<p>According to the audit test of the number of students selected to universities during the 04 preceding years, the number of students selected to universities out of students qualified for university education had increased from 15 per cent to 18 per cent from the academic year of 2012/2013 up to the academic year of 2015/2016.</p>	<p>Agreed with the observations.</p>
<p>(a) <u>Admission of Students to Universities</u></p>			

Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
<p>(b) <u>Vacancies created after Admission of Local Students to Universities</u></p> <p>The following observations are made.</p> <p>(i) As the students who fill the qualifications for courses such as Physical Science, Agro Technology and Management, Food Science and Technology, Computer Science and Biology which are conducted by the Commission in main universities such as Colombo, Kelaniya and Sri Jayawardenepura as well as in other universities do not register for those courses, student vacancies had come up. Action had not been taken to once again enroll the students who further apply for those student vacancies. As such, there had been 1,794 vacancies, 1,455 vacancies and 1,695 vacancies from the academic year 2013/2014 to the academic year</p>	<p>Although the original number of vacancies for the academic year 2015/2016 is 1695, the deans requested not to enroll more students, since some faculties of the universities have started their academic activities after the third phase of vacancy filling, and thus there were 705 vacancies left pertaining to that particular courses. Accordingly, in fact the students had been selected, the number of vacancies created by non-acceptance of the offer by students was 990.</p> <p>Further, the number of vacancies filled for three academic years are given below.</p> <p>6 vacancy rounds- 2013/2014 5 vacancy rounds- 2014/2015 7 vacancy rounds- 2015/2016</p> <p>This situation has arisen due to the non- acceptance of the courses by the students that they have been assigned, by the University Grants Commission under vacancy filling, as it always assigns the students for the courses where there are vacancies due to non registration of students. Furthermore, as mentioned above, the University Grants Commission could not do more enrollments for the relevant vacancies when the Deans of the Faculties instructed to stop the enrollment as they have commenced their academic activities. Thus all the vacancies in the faculties cannot be completed simultaneously as they do not start the academic sessions in the same day. As a result, no more vacancy can be filled in the faculties which start the academic activities quite early.</p>	<p>Although the original number of vacancies for the academic year 2015/2016 is 1695, the deans requested not to enroll more students, since some faculties of the universities have started their academic activities after the third phase of vacancy filling, and thus there were 705 vacancies left pertaining to that particular courses. Accordingly, in fact the students had been selected, the number of vacancies created by non-acceptance of the offer by students was 990.</p> <p>Further, the number of vacancies filled for three academic years are given below.</p> <p>6 vacancy rounds- 2013/2014 5 vacancy rounds- 2014/2015 7 vacancy rounds- 2015/2016</p> <p>This situation has arisen due to the non- acceptance of the courses by the students that they have been assigned, by the University Grants Commission under vacancy filling, as it always assigns the students for the courses where there are vacancies due to non registration of students. Furthermore, as mentioned above, the University Grants Commission could not do more enrollments for the relevant vacancies when the Deans of the Faculties instructed to stop the enrollment as they have commenced their academic activities. Thus all the vacancies in the faculties cannot be completed simultaneously as they do not start the academic sessions in the same day. As a result, no more vacancy can be filled in the faculties which start the academic activities quite early.</p>

Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
<p>2015/2016. Accordingly, it was observed that a large number of students who had fulfilled the qualifications for entrance to university had been deprived of same.</p> <p>(ii) Out of the 1,695 vacancies that existed in the academic year of 2015/2016, the students relating to 990 vacancies who had qualified for various courses in the university had been informed to become registered. However, it was observed that they had been vacancies due to non-acceptance of university entrance as a result of the outdated and conventional nature in the courses. Moreover, the Deans had informed the University Grants Commission to refrain from admitting students after the commencement of academic activities in the university. As</p>	<p>Another major reason for this situation is the decrease of the students' demand for those courses. As a result, the University Grant Commission has informed Deans of the relevant faculties to take relevant actions to attract students to the courses during the discussions held in relation to the said matter.</p> <p>As one of the best examples, there were only 2 vacancies for the newly introduced technology courses under the general intake. Accordingly, in the year 2015/2016 only one round of vacancy filling had been done to complete the vacancies of that course and even though students have been assigned for the Science and Agriculture courses which were introduced many years ago, under several vacancy filling rounds, there is a tendency of rejecting such conventional courses by the students and so still there are vacancies that cannot be filled in those courses.</p> <p>The University Grants Commission has paid special attention to this issue and all the Deans of the Universities were informed to commence the academic activities on October 1, 2017, from the academic year 2016/2017. Accordingly, the University Grants Commission will complete the selection of students under the stages of vacancy filling and will send the final lists of registered students to the Universities by the end of September this year.</p> <p>Thus the University Grants Commission will take necessary steps to release the cut-off marks that required for the academic year of 2016/2017, 3 months prior to the academic year of 2015/2016, to enable the commencement of the academic activities in all universities by October 1, 2017 for the academic year of 2016/2017.</p>	<p>filling, as it always assigns the students for the courses where there are vacancies due to non registration of students. Furthermore, as mentioned above, the University Grants Commission could not do more enrollments for the relevant vacancies when the Deans of the Faculties instructed to stop the enrollment as they have commenced their academic activities. Thus all the vacancies in the faculties cannot be completed simultaneously as they do not start the academic sessions in the same day. As a result, no more vacancy can be filled in the faculties which start the academic activities quite early.</p> <p>Another major reason for this situation is the decrease of the students' demand for those courses. As a result, the University Grant Commission has informed Deans of the relevant faculties to take relevant actions to attract students to the courses during the discussions held in relation to the said matter.</p>

Matters pointed out by the Auditor	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
<p>General</p> <p>such, it was observed that vacancies had come up.</p>		<p>As one of the best examples, there were only 2 vacancies for the newly introduced technology courses under the general intake. Accordingly, in the year 2015/2016 only one round of vacancy filling had been done to complete the vacancies of that course and even though students have been assign for the Science and Agriculture courses which were introduced many years ago, under several vacancy filling rounds, there is a tendency of rejecting such conventional courses by the students and so still there are vacancies that cannot be filled in those courses.</p> <p>The University Grants Commission has paid special attention to this issue and all the Deans of the Universities were informed to commence the academic activities on October 1, 2017, from the academic year 2016/2017 thus 60% of the faculties have started the academic activities by October 1, 2017. Accordingly, the University Grants Commission will complete the selection of students under the stages of vacancy filling and will send</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
<p>(c) <u>Vacancies created after Admission of Foreign Students to Universities</u></p>	<p>The following observations are made.</p> <p>(i) According to the Decision of 25 January 2011 of the Cabinet of Ministers, it had been decided to enroll foreign students to</p>	<p>(i) The following reasons have been attributed to reduce number of students enrolled, more than the total number of proposed students in some courses in the academic year of 2013/2014, 2014/2015 and 2015/2016.</p>	<p>the final lists of registered students to the Universities by the end of September this year.</p> <p>Thus the University Grants Commission has released the cut-off marks that required for the academic year of 2016/2017, 3 months prior to the academic year of 2015/2016, to enable the commencement of the academic activities in all universities by October 1, 2017 for the academic year of 2016/2017. The call for applications for the 2017/2018 academic year was carried out within a week from release of the GCE Advanced Level examination results of 2017, as a further step in effective action.</p> <p>(i) The following reasons have been attributed to reduce number of students enrolled, more than the total number of</p>

Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity																
<p>universities of Sri Lanka.</p> <p>However, the following variances were observed between the proposed number of students and the number of students enrolled in the enrollment of foreign students to universities for three preceding academic years.</p> <table border="1" data-bbox="574 1299 1021 1657"> <thead> <tr> <th>Academic year</th> <th>Number of Proposed Students</th> <th>Number of Students Enrolled</th> <th>Number of Vacancies</th> </tr> </thead> <tbody> <tr> <td>2013/2014</td> <td>62</td> <td>41</td> <td>21</td> </tr> <tr> <td>2014/2015</td> <td>36</td> <td>27</td> <td>09</td> </tr> <tr> <td>2015/2016</td> <td>61</td> <td>17</td> <td>44</td> </tr> </tbody> </table>	Academic year	Number of Proposed Students	Number of Students Enrolled	Number of Vacancies	2013/2014	62	41	21	2014/2015	36	27	09	2015/2016	61	17	44	<p>1. Less number of students applied for courses compared to the proposed number students for the relevant courses.</p> <p>For example, although it has been proposed to enroll 24 students for the Arts degree in the academic year 2013/2014, only 11 students have applied for the course.</p> <p>2. Out of all the applicants, the applicants who have not fulfilled the minimum requirements will be rejected before sending them to the selection committee.</p> <p>3. In addition, as decided by the Commission at its 950<sup>th</sup> meeting held on 06.10.2016, if</p>	<p>proposed students in some courses in the academic year of 2013/2014, 2014/2015 and 2015/2016.</p> <p>1. Less number of students applied for courses compared to the proposed number students for the relevant courses.</p> <p>For example, although it has been proposed to enroll 24 students for the Arts degree in the academic year 2013/2014, only 11 students have applied for the course.</p> <p>2. Out of all the applicants, the applicants who have not fulfilled the minimum requirements will be rejected before sending them to the selection committee.</p> <p>3. In addition, as decided by the Commission at its 950<sup>th</sup> meeting held on 06.10.2016, if</p>
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	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
	<p>(ii) The tendency of foreign students who are selected to local universities, failing to enter universities outside Colombo had been the main reason for these vacancies. It was observed in audit that along with the improvement of the position of those</p>	<p>According to the decision of the cabinet, on the basis of payment, Sri Lankan students with foreign and foreign students are admitted to the university according to the following order:</p> <p>(a) Children of Sri Lankan diplomats served/serving in foreign countries  (b) Children of foreign diplomats serving in Sri Lanka  c) children from the SAARC countries  (d) Other Sri Lankan children who were not part of (a) above</p>	<p>a student is to be selected under this quota, the grades of the last student selected on the 40% merit quota under normal intake of each course of study was considered as the minimum level for evaluating applications, and accordingly, the applications of the students who have not reached to the relevant performance level, also have been rejected.</p> <p>According to the decision of the cabinet, on the basis of payment, Sri Lankan students with foreign and foreign students are admitted to the university according to the following order:</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
	<p>universities, failure in the improvement of other facilities including transport facilities, accommodation, food and sanitary facilities had been the main reason for the non-admission of foreign students.</p>	<p>e) Other foreign children who were not part of (b) or (c) above</p> <p>Selection of the local students for the universities for all the courses except Arts degree is done on a double basis based on the G.C.E (A/L) examination results of the relevant year :</p> <p>From the number of places in a course;</p> <ul style="list-style-type: none"> <li>• 40% will be selected based on the All Island Merit basis.</li> <li>• From the remaining balance of 60%, 55% will be selected on the district merit basis and the other 5% will be allocated for the educationally disadvantaged districts.</li> </ul> <p>The places for the local students are allocated from the places in each course based on the above criteria after allocating by 0.5% for students with foreign qualifications, and 0.5% for students with foreign / national skills other than study. In addition, 0.5% from the proposed places for Medical, Dental Surgeons and Engineering Sciences courses is reserved to enroll armed force officers. All these places are allocated according to the national admission policy.</p> <p>Therefore, the number of 0.5% vacancies occurred due to not enrolling the students with foreign qualification cannot be filled by following another method according to this national policy which is based on the cabinet decision. A small percentage of such vacancies are not practically ideal to divide among the All Island Merit (40%) and district level (60%) among 25 districts for selecting students based on the national policy.</p> <p>In addition, if students with foreign qualifications to be admitted to accommodate 4.5% of the enrollment requirement not fulfilled, it will not affect the local student selection. Because it is additional to the proposed number of the places of the course of studies.</p>	<p>(a) Children of Sri Lankan diplomats served/serving in foreign countries (b) Children of foreign diplomats serving in Sri Lanka (c) children from the SAARC countries (d) Other Sri Lankan children who were not part of (a) above (e) Other foreign children who were not part of (b) or (c) above</p> <p>Selection of the local students for the universities for all the courses except Arts degree is done on a double basis based on the G.C.E (A/L) examination results of the relevant year :</p> <p>From the number of places in a course;</p> <ul style="list-style-type: none"> <li>• 40% will be selected based on the All Island Merit basis will be selected.</li> <li>• From the remaining balance of 60%, 55% will be selected on the district merit basis and the other 5% will be allocated for the educationally disadvantaged districts.</li> </ul>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
		<p>Except for the children of Sri Lankan diplomats, the students with foreign qualifications under this quota are admitted on fee levying basis.</p> <p>Also, under this quota, all students who are subject to the 4.5% category will be admitted fee levying basis too. Accordingly, except for the children of Sri Lankan diplomats, the students with foreign qualifications under this quota are not admitted for the Sri Lankan universities under the free education. Similarly, these funds will be used to uplift the infrastructure facilities of the relevant university and other facilities required by local and foreign students.</p>	<p>The places for the local students are allocated ( being subjected to the guidelines set out in paragraph 3.3 in the admission hand book for the year 2014/2015, )from the places in each course based on the above criteria, after allocating by 0.5% for students with foreign qualifications, and 0.5% for students with foreign / national skills other than study. In addition, 0.5% from the proposed places for Medical, Dental Surgeons and Engineering Sciences courses is reserved to enroll armed force officers. All these places are allocated according to the national admission policy.</p> <p>Therefore, the number of 0.5% vacancies occurred due to not enrolling the students with foreign qualification cannot be filled by following another method according to this national policy which is based on the cabinet decision. A small percentage of such vacancies are not practically ideal to divide among the All Island Merit (40%) and district level (60%) among 25 districts for selecting students</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity based on the national policy.
			<p>In addition, if students with foreign qualifications to be admitted to accommodate 4.5% of the enrollment requirement not fulfilled, it will not affect the local student selection. Because it is additional to the proposed number of the places of the course of studies.</p> <p>Except for the children of Sri Lankan diplomats, the students with foreign qualifications under this quota are admitted on fee levying basis.</p> <p>Also, under this quota, all students who are subject to the 4.5% category will be admitted fee levying basis too. Accordingly, except for the children of Sri Lankan diplomats, the students with foreign qualifications under this quota are not admitted for the Sri Lankan universities under the free education. Similarly, these funds will be used to uplift the infrastructure facilities of the relevant university and other facilities required by local and foreign students.</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
<p>4.2 <u>Management Activities</u></p>	<p>A building of a monthly rent of Rs.150,000 as per the valuation report of the Chief Valuer had been obtained for a monthly rent of Rs.225,000 for a period of one year for obtaining space facilities for the Standing Committee of Gender Equity/Equality and the Quality Assurance and Accreditation Council established in the year 2015 by the Commission.</p>	<p>The quotations were called to obtain office space, since the establishment of the Gender equity/equality center was proposed to be carried out under the budget proposal 2017.</p> <p>But, none of the quotations from the suppliers to provide office space as required, the building which was situated near the University Grants Commission was rented out. According to the Chief Valuer's Report, though the monthly rental is Rs. 150,000 / -, it was decided to obtain the above building under lease for the purpose of achieving the role of the University Grant Commission through the budget proposals 2017.</p>	<p>The quotations were called to obtain office space, since the establishment of the Gender equity/equality center was proposed to be carried out under the budget proposal 2017.</p> <p>But, none of the quotations from the suppliers to provide office space as required, the building which was situated near the University Grants Commission was rented out. According to the Chief Valuer's Report, though the monthly rental is Rs. 150,000 / -, it was decided to obtain the above building under lease for the purpose of achieving the role of the University Grant Commission through the budget proposals 2017. However, the building obtained under this lease system has been returned to the owner since 22.12.2017.</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
<p>4.3 <u>Transactions of Contentious Nature</u></p>	<p>The following observations are made.</p> <p>(a) Monies recovered from lecturers on breach of agreements should be credited to the University Fund in terms of Sections 10 (2) and 99 (1) of the Universities Act. However, contrary to that, according to the Commission Circular No.737 of 18 August 1998, a Fund named "Bond Violation/Breach Fund" had been established and the monies of the lecturers who breached agreements had been credited to it. Moreover, the income earned from the investment of those monies had been used for miscellaneous expenses of the Commission and the universities. According to the audit test check, sums of Rs.1,198,916 and Rs.266,413,842 had been retained as at the end of the year under review in the "Bond Violation Fund Account" of the</p>	<p>Monies recovered from lecturers on breach of agreements should be credited to the University Fund in terms of Sections 10 (2) and 99 (1) of the Universities Act. Accordingly, the money that was credited from the lecturers who breached agreements was made into a fund which is under the University Fund and each university maintains monies recovered from lecturers as to identify the scope of the fund separately.</p> <p>Subject to the approval from the Treasury on 18.06.2002, the fund was used in administration and academic affairs of the University. Accordingly, the Commission Circular No.737 of 18 August 1998 cannot be considered as being issued without the Treasury approval and, under subject to Article 99 (1), it is a separate expenditure ledger maintaining to identify the expenditure item.</p>	<p>Monies recovered from lecturers on breach of agreements should be credited to the University Fund in terms of Sections 10 (2) and 99 (1) of the Universities Act. Accordingly, the money that was credited from the lecturers who breached agreements were made into a fund which is under the University Fund and each university maintains monies recovered from lecturers as to identify the scope of the fund separately.</p> <p>Subject to the approval from the Treasury on 18.06.2002, the fund was used in administration and academic affairs of the University. Accordingly, the Commission Circular No.737 of 18 August 1998 cannot be considered as being issued without the Treasury approval and, under subject to Article 99 (1), it is a separate expenditure ledger maintaining to identify the expenditure item.</p>

Matters pointed out by the Auditor	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
<p>General Commission and 6 universities respectively.</p> <p>(b) According to an audit test check, a sum of Rs.189,232,994 was recoverable as at the end of the year under review from lecturers of 4 universities who breached agreements and action had not been taken in terms of Sections 7.6 and 7.8 of Chapter V of the Universities Establishments Code in respect of recovering that amount.</p>	<p>A clear description has given in terms of sub sections of 7.6, 7.7, 7.8 in Chapter V of the Establishments Code, of how to act relating to Officers who have violated the Agreements. A special mechanism should not be put in place to implement it, and every university has been involved in the implementation of the University Establishment Code. However the University Grants Commission has given further advices in the Commission Circular No. 920, 9/2010 regarding the contracting with lecturers. Further, the University Grants Commission is due to be discussed this matter with the Vice Chancellors' committee in future.</p>	<p>A clear description has given in terms of sub sections of 7.6, 7.7, 7.8 in Chapter V of the Establishments Code, of how to act relating to Officers who have violated the Agreements. A special mechanism should not be put in place to implement it, and every university has been involved in the implementation of the University Establishment Code. However the University Grants Commission has given further advices in the Commission Circular No. 920, 9/2010 regarding the contracting with lecturers. Further, the University Grants Commission is due to be discussed this matter with the Vice Chancellors' committee in future.</p>

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<p>4.4 <u>Under utilization of Funds</u></p>	<p>The following observations are made.</p> <p>(a) Provisions of Rs.3,855,000,000 had been allocated in the year under review by the Treasury through the supplementary estimate for 05 capital works and out of that, a sum of Rs.1,750,000,000 had been granted by the Treasury for 03 capital works. Out of the sum of Rs.900,000,000 granted on 29 December 2016, a sum of Rs,409,054,248 had remained by the end of the year under review.</p>	<p>Following Provisions had been allocated by the Treasury for 3 capital votes mentioned in the audit query:</p> <table border="1" data-bbox="279 761 662 1243"> <thead> <tr> <th>Expenditure vote</th> <th>The amount received</th> <th>The money received</th> <th>The date</th> </tr> </thead> <tbody> <tr> <td>Technology stream</td> <td>50</td> <td>2016.06.23</td> <td></td> </tr> <tr> <td></td> <td>250</td> <td>2016.07.07</td> <td></td> </tr> <tr> <td></td> <td>100</td> <td>2016.10.27</td> <td></td> </tr> <tr> <td></td> <td>200</td> <td>2016.11.24</td> <td></td> </tr> <tr> <td></td> <td>150</td> <td>2016.12.29</td> <td></td> </tr> <tr> <td></td> <td>750</td> <td>2016.12.29</td> <td></td> </tr> <tr> <td>Staff quarters</td> <td>150</td> <td>2016.11.24</td> <td></td> </tr> <tr> <td>Encouraging program for accreditation by career organizations</td> <td>100</td> <td>2016.11.04</td> <td></td> </tr> </tbody> </table> <p>As per the above document, more than 50% of capital allocations were received on December 29, 2016. Thus receiving money from the Treasury by the end of the year is caused for this Under –utilization. By now, all the provisions have been spent on the relevant tasks. However, the University Grants Commission regularly use the provisions provided by the Treasury during same the year.</p>	Expenditure vote	The amount received	The money received	The date	Technology stream	50	2016.06.23			250	2016.07.07			100	2016.10.27			200	2016.11.24			150	2016.12.29			750	2016.12.29		Staff quarters	150	2016.11.24		Encouraging program for accreditation by career organizations	100	2016.11.04		<p>Following Provisions had been allocated by the Treasury for the 3 capital votes mentioned in the audit query:</p> <table border="1" data-bbox="375 78 869 459"> <thead> <tr> <th>Expenditure vote</th> <th>The amount received</th> <th>The date mon</th> </tr> </thead> <tbody> <tr> <td>Technology stream</td> <td>50</td> <td>2016.06.23</td> </tr> <tr> <td></td> <td>250</td> <td>2016.07.07</td> </tr> <tr> <td></td> <td>100</td> <td>2016.10.27</td> </tr> <tr> <td></td> <td>200</td> <td>2016.11.24</td> </tr> <tr> <td></td> <td>150</td> <td>2016.12.29</td> </tr> <tr> <td></td> <td>750</td> <td>2016.12.29</td> </tr> <tr> <td>Staff quarters</td> <td>150</td> <td>2016.11.24</td> </tr> <tr> <td>Encouraging program for accreditation by career organizations</td> <td>100</td> <td>2016.11.04</td> </tr> </tbody> </table> <p>As per the above document, more than 50% of capital allocations were received on December 29, 2016. Thus receiving money from the Treasury by the end of the year is caused for this Under –utilization. By now, all the provisions have been spent on the relevant tasks. However, the University Grants Commission regularly use the provisions provided by the Treasury during same the year.</p>	Expenditure vote	The amount received	The date mon	Technology stream	50	2016.06.23		250	2016.07.07		100	2016.10.27		200	2016.11.24		150	2016.12.29		750	2016.12.29	Staff quarters	150	2016.11.24	Encouraging program for accreditation by career organizations	100	2016.11.04
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	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
4.5 <u>Delayed Projects</u>	<p>(b) Even though 30 Fund Accounts comprising Rs.23,899,632/- had been maintained by the Commission for awarding of scholarships of different categories, only a sum of Rs.15,336,221 in 05 Fund Accounts had been utilized for scholarship activities. An unutilized balance of Rs.8,563,411/- existed in 25 Fund Accounts and that amount had been invested in bank fixed deposit accounts.</p> <p>An agreement had been entered into with a contractor on 22 June 2015 for a contract value of Rs.59,842,180 for the construction of the four storeyed building of the Commission. Even though the due</p>	<p>The sums in 14 funds have been used for granting scholarships under the University Grants Commission Scholarship Fund, from the Rs.23, 899,632/- scholarship funds maintained as at 31.12.2016.</p> <p>The sums in 14 funds have been used for granting the University Grants Commission Scholarship Fund, from the Rs.23, 899,632/- scholarship funds maintained as at 31.12.2016.</p> <p>Out of 17 scholarship funds which maintained a financial value of Rs.16, 608,026/-, only a sum in 14 scholarship funds comprising the financial value of Rs. 3,656,222 / -will be used to grant scholarships in 2017.</p> <p>Even though the Scholarships were awarded by scholarship funds, the related expenses will be reimbursed only at the request of the respective university. Accordingly, in 2016, each university has requested for reimbursement. Only a sum of Rs. 972,625 / - has been reimbursed.</p> <p>The construction of the four storied building has not been completed yet, but it has reached the final stage. Action has been taken to charge the relevant fees for the delay according to the agreement.</p>	<p>The sums in 14 funds have been used for granting the University Grants Commission Scholarship Fund, from the Rs.23, 899,632/- scholarship funds maintained as at 31.12.2016.</p> <p>Out of 17 scholarship funds which maintained a financial value of Rs.16, 608,026/-, only a sum in 14 scholarship funds has been used to grant the scholarship, and those scholarship funds are actively operated. The balance amount in 3 scholarship funds comprising the financial value of Rs. 3,656,222 / -will be used to grant scholarships in 2017.</p> <p>The construction of the four storied building has been completed and the staff has been assigned since</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity 15.09.2017.
<p>4.6 <u>Staff Administration</u></p>	<p>date of completing works was 14 September 2016 in accordance with the agreement, the physical progress of the project as at that date was 35 per cent. In consideration of a request made on 10 August 2016 by the contractor, the Commission had extended the period of contract up to 12 January 2017 and afterwards up to 10 April 2017. However, it was observed at the physical verification that the constructions of the building had not been completed even by 20 June 2017.</p> <p>The following observations are made.</p> <p>(a) The approved cadre and the actual cadre of the Commission as at 31 December 2016 stood at 318 and 259 respectively and the number of vacancies was 59.</p>	<p>Even though there were 89 vacancies in the Commission at the end of the year 2015, the number of vacancies was reduced in to 59 by the end of the year 2016. Regular recruitments are made to appoint the staff required to maintain the duties properly, and the measures taken to fill the existing vacancies are as follows:</p> <ul style="list-style-type: none"> <li>• In 2017, two employees have been recruited for the Labour grade 111</li> <li>• Recruitments have been done for the following posts in the year 2017. <ul style="list-style-type: none"> <li>o Computer Application Assistant III 10</li> <li>o Driver grade II 02</li> </ul> </li> </ul>	<p>Even though there were 89 vacancies in the Commission at the end of the year 2015, the number of vacancies was reduced in to 59 by the end of the year 2016. Regular recruitments are made to appoint the staff required to maintain the duties properly, and the measures taken to fill the existing vacancies are as follows:</p> <ul style="list-style-type: none"> <li>• In 2017, two employees have been recruited for the</li> </ul>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
		<ul style="list-style-type: none"> <li>○ Post of Research Assistant 01</li> <li>○ Work Inspection grade III 01</li> <li>○ Book Keeper II "B" category 01</li> <li>○ Programmer / System Analyst 01</li> <li>○ Graduate Translators 01</li> </ul> <p>By considering the long term plan and the requirement, the University Grants Commission has approved the Executive and other posts. However, the filling of vacancies in the relevant posts is only made after the approval of the University Grants Commission after the needs are assessed in a medium term framework.</p>	<p>Labour grade 111 category.</p> <ul style="list-style-type: none"> <li>• Recruitments have been done for the following posts in the year 2017. <ul style="list-style-type: none"> <li>○ Computer Application Assistant III 10</li> <li>○ Driver grade II 02</li> <li>○ Post of Research Assistant 01</li> <li>○ Work Inspection grade III 01</li> <li>○ Book Keeper II "B" category 01</li> <li>○ Programmer / System Analyst 01</li> <li>○ Graduate Translators 01</li> </ul> </li> <li>• Steps are being taken to do the recruitments to fill the vacancies in Audit Assistant grade II.</li> </ul> <p>By considering the long term plan and the requirement, the University Grants</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
	<p>(b) A monthly allowance of Rs.200,000 had been paid without the approval of the Treasury by recruiting a Medical Officer with a Postgraduate Degree in Surgery on 03 October 2016 on assignment basis instead of appointing a permanent officer by adhering to the Scheme of Recruitment for the post of Director (Planning) which was vacant since November 2014.</p> <p>(c) An officer had been recruited without the approval of the Treasury on 03 October 2016</p>	<p>The Commission decided to implement and prepare preliminary plans for the Postgraduate Institute of Indigenous Medicine to be established by the budget proposal 2017, under the Director / Planning of the University Grants Commission.</p> <p>Accordingly, a person who possesses a postgraduate degree in Medicine was recruited as Director (Planning) of the Commission on assignment basis as mentioned in the audit query. This recruitment has been done by forcing on the nature of function of the proposed Postgraduate Institute of Indigenous Medicine which to be established in the year 2017.</p> <p>The Commission decided to do recruitment for the above Director (Planning) post on assignment basis, since it was necessary to pay particular attention to the subject area, which was specifically intended to address by the budget.</p> <p>As mentioned in the Audit query, the relevant lecturer was recruited on assignment basis for a monthly allowance of Rs. 200,000, for the coordination of the English Language and Information Technology project which was proposed to</p>	<p>Commission has approved the Executive and other posts. However, the filling of vacancies in the relevant posts is only made after the approval of the University Grants Commission after the needs are assessed in a medium term framework.</p> <p>The years which have been given to the appointment of the Director/Planning on assignment basis, was not extended from October 02, 2017.</p>
			<p>The service of the lecturer</p>

Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
<p>General</p> <p>for a post of Co-ordinator, which was not included in the approved cadre, on a monthly allowance of Rs.200,000 for strengthening English and Information Technology.</p>	<p>implement to enhance the relevance and quality of the degrees of the students who are enrolled into the Universities.</p> <p>All appointments under subparagraphs (a), (b) and (c) and the related tasks and functions have been fulfilled by the University Grants Commission, according to the powers vested in section 100 (2) of the University Act no. 16 of 1978.</p>	<p>who was recruited as the Coordinator for English and Information Technology subjects was terminated after the completion of the project report.</p>
<p>A sum of Rs.3.5 million for the installation of a Security Camera System in 9 places of the main building of the Commission and a sum of Rs.3 million to establish a Human Resource Information System had been included in the Procurement Plan for the year 2016. However, those activities had not been commenced in the year under review and those activities had been included again in the Procurement Plan for the year 2017.</p>	<p>Even though the construction of the four-storey building was scheduled to commence in 2015 and to be completed in 2016, but the following factors caused to delay this task.</p> <ul style="list-style-type: none"> <li>• The delay occurred from February to April in 2015 due to the resigning of the Commission members and appointing new commission members to appoint into the Procurement Committee.</li> <li>• Construction activities were delayed due to the practical problems such as the raining during the construction period.</li> </ul> <p>The construction of the four-storey building has been included to the procurement plan of 2017 as the construction period has been extended to 2017.</p> <p>As a main construction work is taking place, the renovation activities of the Department of Finance and the Reception counter had to stop, considering the possible impediments that can be occurred in the premises if the renovations are carried</p>	<p>The functions subjected to the five items included in the procurement plan for 2017 had been completed as follows.</p> <ul style="list-style-type: none"> <li>• The staff has been assigned to the four storied building on 15.09.2017.</li> <li>• The renovation of the Department of Finance was completed in July 2017.</li> <li>• The construction of the Reception counter has already been completed by now.</li> <li>• CCTV cameras are now attached to the new building and to the Admission Division.</li> <li>• Human Recourses</li> </ul>

Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
	<p>out simultaneously, even though the renovation activities of the Department of Finance and the Reception counter were expected to be done from the years 2015, 2016. By now, as the construction of the four-storeyed building is in the final stage, the Department of Finance has begun renovation work. Accordingly, this work was included into the procurement plan of 2017.</p> <p>Also, the renovation activities of the Office of Public Relation officer have been included in the procurement plan of 2017.</p> <p>Even though the item of installation of a security camera system was scheduled in the procurement plan of 2015, 2016, as the new four-storeyed building also needed to be covered in this task; both the projects were postponed until the completion of the construction of the four-storeyed building.</p> <p>The task of fixing the security camera system was included into the procurement plan of 2017 and the quotations had been called, as the construction of the new building is in its final stage.</p> <p>A contractor was selected and given to establish the Human Resources Software in the year 2016, but the contractor did not perform the task. The contractor was not paid for that and subsequently, in 2017, as the proposed management information system covered that task, the re-procurement of human resources software was stopped. Currently, the bids for the Management Information System have been called.</p>	<p>Information System, will be implemented along with the proposed management information system. By now the quotations have been called for the management information system.</p>

	Matters pointed out by the Auditor General	Replies and Observations Submitted to the Auditor General	Proposed steps and its present position and activity
6. <u>Systems and Controls</u>	<p>Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Commission from time to time. Special attention is needed in respect of the following areas of control.</p> <ul style="list-style-type: none"> <li>(a) Funds Control</li> <li>(b) Financial Control</li> <li>(c) Control of Projects</li> <li>(d) Admission of Students to Universities</li> </ul>	<p>Agree to pay special attention to the control areas; such as funds control, financial control, and admission of students to universities that mentioned in the observations.</p>	<p>Agree to pay special attention to the control areas; such as funds control, financial control, control of projects and admission of students to universities that mentioned in the observations.</p>

## UNIVERSITY PENSION FUND

Statement of Changes in Equity for the year ended 31<sup>st</sup> December 2016

	Contributors Fund Rs.	Pensioners Fund Rs.	Retained Profit Rs.	Total Rs.
<b>Balance as at 01<sup>st</sup> January 2015</b>	3,871,077,850	130,105,997	305,275,982	4,306,459,829
Surplus for the Year 2015	-	-	507,289,449	507,289,449
Transfer from Current Year Income	-	5,554,649	-	5,554,649
Non - Receipt Contribution received	147	-	-	147
Contribution Received on A/C of Pensioners	-	419	-	419
Correction of Erroneous Contribution	(48,228)	-	-	(48,228)
Current Year Contribution	495,386,369	-	-	495,386,369
Lumpsum Refunds	(26,246,280)	-	-	(26,246,280)
Transferred to Pensioners Fund	(34,139,673)	34,139,673	-	-
Transfer to UPF Account	(480,680)	-	-	(480,680)
Pension Payments During the Year 2015	-	(31,861,064)	-	(31,861,064)
Pensioners Fund/Contributors Fund Interest	449,951,283	13,589,245	(463,540,528)	-
<b>Balance as at 31<sup>st</sup> December 2015</b>	<u>4,755,500,787</u>	<u>151,528,919</u>	<u>349,024,903</u>	<u>5,256,054,608</u>
Surplus for the Year 2016	-	-	588,520,971	588,520,971
Transfer from Current Year Income	-	7,323,848	-	7,323,848
Transfer from UPF	1,737,958	-	-	1,737,958
COLA Arreas Received	39,069,323	820,906	-	39,890,229
Contribution Received on A/C of Pensioners	-	4,754	-	4,754
Current Year Contribution	588,571,311	-	-	588,571,311
Lumpsum Refunds	(47,705,569)	-	-	(47,705,569)
Transferred to Pensioners Fund	(61,386,620)	61,386,620	-	-
Transfer to UPF Account	(54,885)	-	-	(54,885)
Pension Payment During the Year 2016	-	(38,825,270)	-	(38,825,270)
Pensioners Fund /Contributors Fund Interest	529,512,380	16,002,363	(545,514,743)	-
	<u>1,049,743,898</u>	<u>46,713,221</u>	<u>43,006,228</u>	<u>1,139,463,347</u>
<b>Balance as at 31<sup>st</sup> December 2016</b>	<u><u>5,805,244,685</u></u>	<u><u>198,242,140</u></u>	<u><u>392,031,131</u></u>	<u><u>6,395,517,956</u></u>

## UNIVERSITY PENSION FUND

Statement of Financial Performance for the year ended 31<sup>st</sup> December 2016

	Note	2016 Rs.	2015 Rs.
<b>Income</b>			
Investment Income	13	594,737,836	542,857,419
Add: Over provision of Income Tax		1,498,181	29,273,663
Net Income after Tax		596,236,017	513,583,756
<b>Less: Expenditure</b>			
Pensioner's Fund Adjustments	14	7,323,848	5,554,648
Operating Expenses	15	391,199	739,657
		7,715,047	6,294,306
<b>Net Income after Expenditure</b>		588,520,971	507,289,450
Add: Retained Profit Brought Forward		349,024,903	305,275,982
<b>Net Income available for Distribution</b>		937,545,874	812,565,432
<b>Less: Member Interest</b>			
Contributor's Fund		529,512,380	449,951,283
Pensioner's Fund		16,002,363	13,589,245
		545,514,743	463,540,528
<b>Retained Profit Carried Forward</b>		392,031,131	349,024,903

## UNIVERSITY PENSION FUND

Cash Flow Statement for the year ended 31<sup>st</sup> December 2016

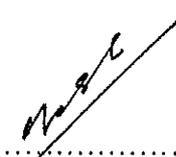
	2016	2015
	Rs.	Rs.
<b>Cashflows From Operating Activities</b>		
Net Income After Taxes and Expenses	588,520,971	507,289,450
<b>Non-cash movment</b>		
Premium on Treasury Bonds	16,186,478	8,893,520
Accounting Profit on Sale of Treasury Bonds	(1,579,569)	(1,175,969)
Pensioner's Fund Adjustment	7,323,848	5,554,648
Provision for Income Tax	(1,498,181)	29,273,664
	<u>608,953,546</u>	<u>549,835,314</u>
<b>Changes in Working Capital</b>		
(Increase )/Decrease in Investment Income Receivable	(50,107,310)	181,091,488
Increase/(Decrease) in Sundry Creditors	127,235	29,372
Cash Generated from operations	<u>558,973,471</u>	<u>730,956,173</u>
Less: Income Tax Paid	(10,939,939)	(48,878,995)
<b>Net Cashflows From Operating Activities</b>	<u>548,033,532</u>	<u>682,077,178</u>
<b>Cashflows From Investing Activities</b>		
Maturity of Fixed Deposits	260,000,000	1,133,828,833
Investment in Fixed Deposits	(200,000,000)	-
Maturity of Treasury Bonds	-	126,170,000
Sale of Treasury Bonds	323,071,243	28,616,230
Purchase of Debenture	(400,000,000)	-
Purchase of Treasury Bonds	(1,148,681,373)	(2,244,288,390)
<b>Net Cashflows From Investing Activities</b>	<u>(1,165,610,130)</u>	<u>(955,673,327)</u>
<b>Cashflows From Financing Activities</b>		
Contributions Received	600,556,194	483,251,454
Refunds	(44,518,294)	(24,944,675)
Pension Paid	(38,825,270)	(31,861,064)
<b>Net Cashflows From Financing Activities</b>	<u>517,212,631</u>	<u>426,445,715</u>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<u>(100,363,966)</u>	<u>152,849,567</u>
Cash & Cash Equivalents at the Beginning of the Period	<u>157,270,759</u>	<u>4,421,193</u>
Cash & Cash Equivalents at the End of the Period	<u>56,906,793</u>	<u>157,270,759</u>
Short Term Deposits - REPOS	60,000,000	154,000,000
Cash at Bank 2323342	(3,093,207)	3,270,759
<b>Cash &amp; Cash Equivalents</b>	<u>56,906,793</u>	<u>157,270,759</u>

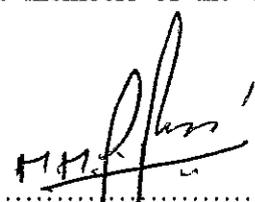
## UNIVERSITY PENSION FUND

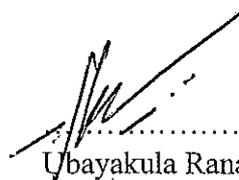
Statement of Financial Position As at 31<sup>st</sup> December 2016

	Note	2016 Rs.	2015 Rs.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalent	5	56,906,793	157,270,759
Investment Income Receivable	6	672,795,030	622,687,721
Contribution Receivable	7	70,847,929	41,178,831
		<u>800,549,752</u>	<u>821,137,311</u>
<b>Non Current Assets</b>			
Long Term Investments	8	5,644,879,590	4,493,876,369
<b>Total Assets</b>		<u>6,445,429,342</u>	<u>5,315,013,680</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Sundry Creditors	9	450,260	323,026
Payments Due to Members	10	6,826,347	3,639,071
COLA Payable	11	75,924	-
Income Tax Payable	12	42,558,855	54,996,975
		<u>49,911,386</u>	<u>58,959,071</u>
<b>Total Net Assets</b>		<u>6,395,517,956</u>	<u>5,256,054,608</u>
<b>Member's Fund &amp; Reserves</b>			
Contributors' Fund		5,805,244,685	4,755,500,787
Pensioners' Fund		198,242,140	151,528,918
Retained Earnings		392,031,131	349,024,903
<b>Total Net Assets</b>		<u>6,395,517,956</u>	<u>5,256,054,608</u>

The Accounting policies on pages 05 to 06 & Notes on pages 7 to 13 from an intergral part of these Financial Statements. The members of the University Grants Commission are responsible for the preperation & presentation of these Financial Statements. The Financial Statements were approved by the members of the University Grants Commission and signed on their behalf.

  
 Prof. Mohan de Silva  
 Chairman

  
 Dr. Priyantha Premakumara  
 Secretary

  
 Ubayakula Ranaweera  
 Accountant



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



මගේ අංකය  
எனது இல.  
My No.

එවර්ඩ්/පීඑන්එස්/01/16

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

2017 අගෝස්තු 11 දින

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විශ්වවිද්‍යාල ප්‍රතිපාදන කොමිෂන් සභාව.

විශ්වවිද්‍යාල විශ්‍රාම වැටුප් අරමුදලේ 2016 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන පිළිබඳව විගණකාධිපති වාර්තාව

මාගේ සමාංක හා 2017 ජූනි 29 දිනැති ලිපියට යොමුවේ.

02.- ඉහත සඳහන් ලිපිය සමඟ එවන ලද මාගේ වාර්තාවේ ඉංග්‍රීසි අනුවාදය මේ සමඟ එවා ඇත.

ඩබ්ලිව්. ජයමනන්ද

අතිරේක විගණකාධිපති

විගණකාධිපති වෙනුවට

- පිටපත් -
1. ලේකම්, උසස් අධ්‍යාපන හා මහාමාර්ග අමාත්‍යාංශය
  2. ලේකම්, මුදල් හා ජනමාධ්‍ය අමාත්‍යාංශය



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



මගේ අංකය }  
எனது இல. } HED/A/PNF/01/16  
My No. }

ඔබේ අංකය }  
உமது இல. }  
Your No. }

දිනය }  
திகதி } 29 June 2017  
Date }

The Secretary,  
University Grants Commission

**Report of the Auditor General on the Financial Statements of the Universities Pension Fund for the year ended 31 December 2016**

The audit of financial statements of the Universities Pension Fund for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and statement of financial performance, statement of changes in equity and cash flow statement and summary of significant accounting policies and other explanatory informations for the year then ended was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 12 of the University Act, No. 16 of 1978. My comments and observations which I consider should be published with the Annual Report of the Fund in terms of Sub-section 12 (5) of the Universities Act appear in this report.

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

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

**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 judgements, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund'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 Fund'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 financial statements.

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

## **2. Financial Statements**

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### **2.1 Opinion**

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In my opinion, the financial statements give a true and fair view of the financial position of the Universities Pension Fund as at 31 December 2016 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**

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### **2.2.1 Accounting Deficiencies**

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A sum of Rs.11,688,067, the amount of total income tax relating to the year under review had set-off from the balance amounting to Rs.13,186,248 in the Over-allocation Account for income tax in the preceding year and its difference of



Rs.1,498,181 only had been stated as income in the statement of financial performance.

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

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Ordinances had been prepared by the Commission for the regulation, administration and its management in terms of Section 97 of the Universities Act No.16 of 1978.

## 3. Financial Review

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### 3.1 Financial Results

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According to the financial statements presented, the operational result for the year under review had resulted in a surplus of Rs.588,520,971 as compared with the corresponding surplus of Rs.507,289,450 for the preceding year, and as such, an improvement of Rs.81,231,521 or 16 per cent was observed in the preceding year. The increase of the net income on investment by Rs.82,652,261 had mainly attributed for that improvement of the financial result.

## 4. Operating Review

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### 4.1 Performance

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The Pensions Fund had been established to establish a pension scheme for permanent University employees and it consisted of 13,173 members with a balance amounting to Rs.6,395,517,956 by the end of the year under review. The number of pensioners who obtain pensions in it were 222 and the pension money paid in the year under review for them had been a sum of Rs.38,825,270.



## 5. **Systems and Controls**

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Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Secretary to the University Grants Commission from time to time. Special attention is needed in respect of the field of Accounting.

H.M Gamini Wijesinghe  
Auditor General

**Sgd./ H.M. GAMINI WIJESINGHE**  
Auditor General

**REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE UNIVERSITIES PENSION FUND  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

Subject	Matters pointed out by the Auditor General	Facts to be Submitted to the Auditor General	Present position As at 05 <sup>th</sup> February 2018
<p>2.2 Comments on Financial Statements</p> <p>2.2.1 Accounting Deficiencies</p>	<p>A sum of Rs. Rs.11, 688,067/-, the amount of total income tax relating to the year under review had set off from the balance amounting to Rs.13,186,248 in the over allocation account for income tax in the preceding year and its difference of Rs.1,498,181 only had been stated as income in the Statement of financial performance.</p>	<p>Current year income tax has been accounted after adjusting the over provision of income tax. Though the effect on Statement of Financial Performance is zero, agreed with the non-disclosure of the complete accounting entry in the Financial Statements. This will be presented correctly</p>	<p>Complete accounting entry for income tax computation for year 2016 has been presented correctly in year 2017 Financial statements.</p>
<p>2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions</p>	<p>Ordinance had not been formulated by the Commission for the regularization, administration, and the management of the Pension Fund in terms of section 97 of the Universities Act No.16 of 1978.</p>	<p>Initial Draft Ordinance has been received on 28<sup>th</sup> April 2016 for observation of the University Grants Commission. Accordingly, draft ordinance has been sent to the Legal Draftsman's Department on 22<sup>nd</sup> December 2016 with the observation of the UGC and Pension Ordinance will be gazette after receiving the final approval from the Legal Draftsman's Department.</p>	<p>The Ordinance further amended by the legal Draftsman's Department has been received on 24<sup>th</sup> January 2018 for observation of the University Grants Commission. After the receiving of final approval from the legal Draftsman's Department the Pension Ordinance will be gazette.</p>
<p>3. Financial Review</p> <p>3.1 Financial Results</p>	<p>According to the Financial Statements presented, the Financial result of the year under review had been a surplus of Rs.588,520,971 as compared with the corresponding surplus of Rs.507,289,450 for the preceding year, and as such an improvement of Rs.81,231,521, or 16% was observed in the preceding year. The increase of the net income on investment by Rs.82,652,261 had mainly attribute to the improvement in the financial result.</p>	<p>Agreed with the financial results of the Auditor General's Report. Financial result has been improved by Rs.82.65 Mn compared with the preceding year. The increase of income from investment has mainly attribute to the improvement in the financial result.</p>	<p>Agreed with the financial results of the Auditor General's Report.</p>

Subject	Matters pointed out by the Auditor General	Facts to be Submitted to the Auditor General	Present position
<p>4. Operating Review</p> <p>4.1 Performance</p>	<p>The Pension Fund had been established to formulate a pension scheme for the permanent staff of universities and it consisted of 13,173 members with a balance amounting Rs.6,395,517,956 as at the end of the year under review. The number of pensioners who were receiving pension from the Fund stood at 222 and the pensions paid to them during the year under review amounted Rs.38,825,270.</p>	<p>Agreed with the operating review of the Auditor General's Report. Pension Fund comprised of 13,173 members with a balance of Rs.6,395,517,956. The number of pensioners 222 and the pensions paid to them during the year under review amounted Rs.38,825,270.</p>	<p>Agreed with the operating review of the Auditor General's Report.</p>
<p>5. Systems and Controls</p>	<p>Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Secretary of the Universities Grants Commission from time to time. Special attention is needed in respect of the field of Accounting.</p>	<p>Action will be taken to improve the systems and controls based on the guidance provided by the Auditor General's Report.</p>	<p>Action has been taken to improve the systems and controls based on the guidance provided by the Auditor General's Report.</p>

## UNIVERSITIES PROVIDENT FUND

## Statement of Financial Position

As At 31st December 2015

	Year 2016 LKR	(Restated) Year 2015 LKR
<b>ASSETS</b>		
Current Assets		
Cash & Cash equivalents	129,574,612	2,583,171,028
Interest Income Receivable	4,783,185,642	4,152,091,729
Contributions Receivable	276,875,816	175,194,809
Loan Installments Receivable	47,517,338	53,159,006
Other Advance	1,000	1,000
Inventory	168,102	219,576
	5,237,322,510	6,963,837,148
Non Current Assets		
Property Plant & Equipment	686,545	887,485
Long Term Investments	23,762,567,591	18,543,270,542
Loans	4,745,330,371	4,662,145,689
	28,508,584,507	23,206,303,716
<b>Total Assets</b>	<b>33,745,907,017</b>	<b>30,170,140,864</b>
<b>LIABILITIES</b>		
Current Liabilities		
Sundry Creditors	2,316,687	2,310,427
COLA Payable	74,008,058	104,893,466
Refunds Payable	33,833,554	29,750,062
Taxes Payable	348,084,600	349,905,309
	458,242,899	486,859,264
<b>Total Net Assets</b>	<b>33,287,664,118</b>	<b>29,683,281,600</b>
<b>NET ASSETS</b>		
Member balances - Active	33,008,249,356	29,374,577,556
Member balances - Inactive	44,126,524	44,041,137
Provision for inactive members A/C	8,000,000	8,000,000
Unclaimed Benefits Reserve	6,965,536	6,956,641
Retained Profit carried forward	220,322,702	249,706,266
<b>Total Net Assets</b>	<b>33,287,664,118</b>	<b>29,683,281,600</b>

## UNIVERSITIES PROVIDENT FUND

## Statement of Financial Performance

For the Year Ended 31st December 2016

	Year 2016 LKR	(Restated) Year 2015 LKR
<b>INCOME</b>		
Investment Income	2,850,587,743	2,676,277,840
Other Income	1,745,830	1,500,000
<b>Total Income</b>	<b>2,852,333,573</b>	<b>2,677,777,840</b>
Less:- Income Tax	(57,488,495)	(131,887,945)
<b>Income after Tax</b>	<b>2,794,845,077</b>	<b>2,545,889,895</b>
Less :- Operating Expenditure	(2,161,576)	(1,245,806)
<b>Net Income after Expenses</b>	<b>2,792,683,501</b>	<b>2,544,644,089</b>
Adjustments to Income	15,647,229	19,354,326
Retained profit of the previous year	249,706,266	118,706,914
<b>Net Income available for Distribution</b>	<b>3,058,036,997</b>	<b>2,682,705,329</b>
Interest on member balances	(2,836,533,872)	(2,420,426,697)
Interest for inactive A/Cs	(1,180,422)	(7,572,366)
Increase in Provision for inactive A/Cs	-	(5,000,000)
<b>Retained Profit carried forward</b>	<b>220,322,702</b>	<b>249,706,266</b>

## UNIVERSITIES PROVIDENT FUND

## Cashflow Statement

For the Year ended 31st December 2016

	2016	(Restated) 2015
	LKR	LKR
<b>Cashflows From Operating Activities</b>		
Net Income After Taxes and Expenses	2,792,683,501	2,544,644,089
Add/(Less): Discount/Premium on Treasury Bonds	85,718,055	28,027,818
Profit/Loss on Sale of Treasury Bonds	(48,281,530)	(90,288,069)
Depreciation	200,940	117,215
Write - off of Receivables	222,682	-
Income Tax	57,488,495	131,887,945
	<u>2,888,032,143</u>	<u>2,614,388,998</u>
<b>Changes In WIC</b>		
(Increase)/ Decrease in Inventory	51,474	(59,535)
(Increase)/ Decrease in Investment Income Receivable	(631,093,913)	(572,448,186)
(Increase)/ Decrease in Loans	(77,545,174)	28,979,132
Increase/ (Decrease) in COLA Payables	(30,885,408)	(66,852,495)
Increase/ (Decrease) in Sundry Creditors	6,196	1,932
Cash Generated From Operations	<u>2,148,565,318</u>	<u>2,004,009,846</u>
Less: Income Tax Paid	(59,309,205)	(87,488,992)
<b>Net Cashflows From Operating Activities</b>	<u>2,089,256,113</u>	<u>1,916,520,854</u>
<b>Cashflows From Investing Activities</b>		
Maturity of Fixed Deposits	1,410,000,000	2,395,500,000
Investment in Fixed Deposits	(400,000,000)	-
Sale/maturity of Treasury Bonds	4,430,523,555	5,073,897,091
Purchase of Debentures	(1,595,366,700)	(1,000,000,000)
Purchase of Treasury Bonds	(9,101,890,429)	(6,358,691,101)
<b>Net Cashflows From Investing Activities</b>	<u>(5,256,733,574)</u>	<u>110,705,990</u>
<b>Cashflows From Financing Activities</b>		
Contributions Received	2,447,215,828	2,266,902,028
Refunds	(1,733,334,785)	(1,791,785,128)
<b>Net Cashflows From Financing Activities</b>	<u>713,881,042</u>	<u>475,116,900</u>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<u>(2,453,596,418)</u>	<u>2,502,343,744</u>
Cash & Cash Equivalents at the Beginning of the Period	2,583,171,028	80,827,285
<b>Cash &amp; Cash Equivalents at the End of the Period</b>	<u>129,574,612</u>	<u>2,583,171,028</u>

UNIVERSITIES PROVIDENT FUND

Statement of Changes in Equity for the year ended 31st December 2016

	Member Balances - Active	Member Balances - Inactive	Provision for inactive accounts	Unclaimed Benefit Reserve	Retained profit	Total Net Assets Equity
Balance as at 1st January 2015	26,463,190,362	40,352,106	3,000,000	6,954,807	118,706,914	26,632,204,189
Contributions during the year	2,308,161,949	-	-	-	-	2,308,161,949
Current year Members Interest	2,420,426,697	-	-	-	(2,420,426,697)	-
Refunds during the year	(1,795,183,598)	-	-	-	-	(1,795,183,598)
Recoveries for sabbatical leave	(6,545,028)	-	-	-	-	(6,545,028)
Adjustments	(15,472,826)	3,689,032	(7,572,366)	1,835	19,354,326	-
Interest for Inactive accounts	-	-	7,572,366	-	(7,572,366)	-
Increase of Provision for Inactive Accounts	-	-	5,000,000	-	(5,000,000)	-
Surplus for the year (Restated)	-	-	-	-	2,544,644,089	2,544,644,089
Balance as at 31st December 2015 (Restated)	29,374,577,555	44,041,138	8,000,000	6,956,641	249,706,266	29,683,281,600
Contributions During the year	2,559,666,892	-	-	-	-	2,559,666,892
Current year Members Interest	2,836,533,872	-	-	-	(2,836,533,872)	-
Interest for inactive A/cs	-	-	1,180,422	-	(1,180,422)	-
Refunds During the year	(1,737,418,277)	-	-	-	-	(1,737,418,277)
Recoveries for sabbatical leave	(10,547,376)	-	-	-	-	(10,547,376)
Adjustments	(14,563,310)	85,386	(1,180,422)	8,895	15,647,229	(2,222)
Surplus for the year	-	-	-	-	2,792,683,501	2,792,683,501
Balance as at 31 December 2016	33,008,249,356	44,126,524	8,000,000	6,965,536	220,322,702	33,287,664,118



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



මගේ අංකය  
எனது இல. }  
My No. }

එවර්ඩ්/ජී/සුපීඑල්/එස්/2016

ඔබේ අංකය  
உமது இல. }  
Your No. }

දිනය  
திகதி }  
Date }

2017 ජූලි 31 දින

ලේකම්

විශ්වවිද්‍යාල ප්‍රතිපාදන කොමිෂන් සභාව.

විශ්වවිද්‍යාල අර්ථසාධක අරමුදලේ 2016 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන පිළිබඳව විගණකාධිපති වාර්තාව

මාගේ සමාංක හා 2017 ජූනි 29 දිනැති ලිපියට යොමුවේ.

02. ඉහත සඳහන් ලිපිය සමඟ එවන ලද මාගේ වාර්තාවේ ඉංග්‍රීසි අනුවාදය මේ සමඟ එවා ඇත.

ඩබ්ලිව්.ප්‍රේමනන්ද

අතිරේක විගණකාධිපති

විගණකාධිපති වෙනුවට.

- පිටපත් : 1. ලේකම් - උසස් අධ්‍යාපන හා මහාමාර්ග අමාත්‍යාංශය
2. ලේකම් - මුදල් හා ජනමාධ්‍ය අමාත්‍යාංශය



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



මගේ අංකය  
எனது இல.  
My No.

HED/A/UPF/FA/2016

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

29 June 2017

The Secretary  
University Grants Commission

**Report of the Auditor General on the Financial Statements of the Universities Provident Fund for the year ended 31 December 2016**

The audit of financial statements of the Universities Provident Fund for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statement of financial performance, the statement of changes in equity 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 12 of the Universities Act, No. 16 of 1978 and Section 24 of the Universities Provident Fund Ordinance No.1 of 2015. My comments and observations which I consider should be published with the Annual Report of the Fund in terms of Sub-section 12(5) of the Universities Act, appear in this report.

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

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

**1.3 Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810).

Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund'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 Fund'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 financial statements.

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

## 2. Financial Statements

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### 2.1 Opinion

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In my opinion, the financial statements give a true and fair view of the financial position of the Universities Provident Fund as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### 2.2 Accounts Receivable

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The balance of dormant members of the Employees Provident Fund amounting to Rs.44,126,524 as at 31 December 2016 comprised the balances recoverable as well from the members who had violated agreements.

### 3. Financial Review

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#### 3.1 Financial Results

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The operations for the year ended 31 December of the year under review had been a surplus of Rs.2,792,683,501 as compared with the corresponding surplus of Rs.2,544,644,089 for the preceding year thus observing an improvement of Rs.248,039,412 in the financial result of the year under review as compared with the preceding year. The increase in the investment income by Rs.174,309,903 and the decrease in the income tax expenditure by Rs.74,399,450 in the year under review had mainly attributed to the increase in the above surplus.

In consideration of the financial results of 05 preceding years, a steady improvement was observed and after making adjustments for the income tax paid to the Government, the contribution at the end of the year under review was Rs.2,850,171,996. As compared with the contribution of the preceding year, there was an improvement of 6 per cent.

### 4. Operating Review

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#### 4.1 Performance

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The following observations are made.

- (a) According to the University Grants Commission Circular No.155 of 02 February 1982, the higher education institutions should submit details to the Secretary of the Commission within 02 months on the release of the balance of the Provident Fund of employees who had served and terminated service in those institutions, and if that purpose is delayed and interest had to be paid to the contributors due to that delay, it should be surcharged on the relevant responsible officers. Even though the delay period had been extended from 04 months to 252 months, the interest paid for that delay period amounted to Rs.110,805. However, action had not been taken to recover it from the relevant officers in terms of the Circular. Moreover, in the release of funds of the members who had terminated service, the failure in submitting files within the due period by universities had mainly attributed to the delay in payments and the Commission had not prepared a proper methodology in preventing delays.



(b) According to the decisions taken at the 739<sup>th</sup> committee meeting of the University Grants Commission held on 31 August 2007 in respect of loans paid from the University Provident Fund, in granting of loans, details on the contributions for the Provident Fund prior to the month of application and previous total loan installments should be received to the Finance Division of the University Grants Commission before the 10<sup>th</sup> day of the month of applying for the loan. However, instances were observed in which they were not received accordingly. The Commission had not taken proper steps in respect of those delays.

#### 5. Systems and Controls

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

#### Area of Systems and Controls

#### Observations

(a) Funds Management

(i) Delay in releasing provident funds of members who had terminated their service.

(ii) Delay in remitting monthly loan installments and contributions to the Provident Fund.

H.M.Gamini Wijesinghe  
 Auditor General

Sgd./ H.M. GAMINI WIJESINGHE  
 Auditor General

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE UNIVERSITIES PROVIDENT FUND  
FOR THE YEAR ENDED 31ST DECEMBER 2016**

Reference	Matters pointed out by the Auditor General	Replies and Comments referred to the Auditor General	Present Position and Actions taken
<p>2. <u>Comments on Financial Statements</u> <u>2.2 Accounts Receivable</u></p>	<p>The balance of dormant members of the Employees Provident Fund amounting to Rs. 44,126,524 as at 31<sup>st</sup> December 2016 comprised the balances recoverable as well from members who had violated agreements.</p>	<p><b>Not agreed.</b></p> <p>The members of the University Provident Fund are the Academic and Non-academic employees. The respective universities &amp; higher education institutes are the bodies which enter into agreements with those employees and the Provident Fund directly or indirectly does not have connections in that regard.</p> <p>Accordingly, the Provident Fund does not empowered to charge those amounts from the members of the Provident Fund who have violated agreements among the dormant members or to recover those amounts from the Provident Fund.</p>	<p>As per with the enquiry made to know whether the due amounts of the employees who had violated agreements could be recovered from the Provident Fund in terms of the Section 94 (a) of the Universities Act, the Auditor General, by his letter dated 13.10.2016, had informed that such recoveries cannot be done.</p> <p>Accordingly, identification of the amount to be received by the institute with regard to the violating of agreements in relation to the dormant members in accounts cannot be performed.</p>

Reference	Matters pointed out by the Auditor General	Replies and Comments referred to the Auditor General	Present Position and Actions taken
		received by the institute with regard to the violating of agreements in relation to the dormant members in accounts cannot be performed.	
<p><b>3. <u>Financial Review</u></b>  <b>3.1 <u>Financial Results</u></b></p>	<p>The operations for the year ended 31<sup>st</sup> December of the year under review had been a surplus of Rs.2,792,683,501 as compared with the corresponding surplus of Rs.2,544,644,089 for the preceding year thus observing an improvement of Rs.248,039,412 in the financial results of the year under review as compared with the preceding year. The increase in the investment income by Rs. 174,309,903 and the decrease in the income tax expenditure by Rs. 74,399,450 in the year under review had mainly attributed to the increase in the above surplus. In consideration of the financial results of 05 preceding years, a steady improvement was observed and after making adjustments for the income tax paid to the Government, the contribution at the end of the year, under review was Rs. 2,850,171,996. As compared with the contribution of the preceding year there was an improvement of 6 per cent.</p>	<p>Agreed.</p>	<p>Agreed.</p>

Reference	Matters pointed out by the Auditor General	Replies and Comments referred to the Auditor General	Present Position and Actions taken
<p>4) <u>Operating Review</u> 4.1 <u>Performance</u></p>	<p>(a) According to the University Grants Commission circular No. 155 of 2<sup>nd</sup> February 1982, the Higher Education Institutions should submit details to the Secretary of the Commission within two months on the release of the balance of the Provident Fund of employees who had served and terminated service in those institution, and if that purpose is delayed and interest had to be paid to the contributors due to that delay, it should be surcharged on the relevant responsible officers. Even though the delay period had been extended from 04 months to 252 months, the interest paid for that delay period amounted to Rs. 110,805. However, action had not been taken to recover it from the relevant officers in terms of the Circular. Moreover, in the release of funds of the members who had terminated service, the failure in submitting files within the due period by universities had mainly attributed to the delay in payments and the Commission had not prepared a proper methodology in preventing delays.</p> <p>(b) According to the decisions taken at the 739<sup>th</sup> committee meeting of the University Grants Commission held on 31<sup>st</sup> August 2007 in respect of loans paid from the University Provident Fund, in granting of loans, details</p>	<p>Not agreed.</p> <p>Delay in sending of documents within two months for releasing of the balance of employees who had served and terminated service at universities and higher education institutes to the University Grants Commission in terms of University Grants Commission circular No. 155 of 2<sup>nd</sup> February 1982 can be occurred due to the reasons pertaining to the contributor /employee, officer at the university or higher education institute or due to reasons of the process unique to that application.</p> <p><b>Not agreed.</b></p> <p>Circular instructions have been already issued in this regard. Further releasing of Provident Fund loan amounts for the universities and higher</p>	<p>Delay in sending of documents within two months for releasing of the balance of employees who had served and terminated service at universities and higher education institutes to the University Grants Commission in terms of University Grants Commission circular No. 155 of 2<sup>nd</sup> February 1982 can be occurred due to the reasons pertaining to the contributor /employee, officer at the university or higher education institute or due to reasons of the process unique to that application.</p> <p>Circular instructions have been already issued in this regard. Further releasing</p>

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	<p>on the contributions for the Provident Fund prior to the month of application and pervious total loan installments should be received to the Finance Division of the University Grants Commission before the 10<sup>th</sup> day of the month of applying for the loan. However, instances were observed in which they were not received accordingly. The Commission had not taken proper steps in respect of those delays.</p>	<p>education institutes who delay the sending of Provident Fund and loan installments would be delayed for same respective days.</p> <p>The funds that should be received on or before 10<sup>th</sup> day of each month are the fund of permanent employees. If those contributions are not received as at prescribed date, issuing of funds for respective institutes for releasing of loan amounts is also be delayed.</p> <p>Further, funds of the casual employees should be received on or before the 20<sup>th</sup> day of each month. Provident Fund loans are issued only to the permanent employees, and loans are not granted for casual and temporary employees.</p> <p>In addition, to avoid delays in fund remittance, the direct remittance method had been introduced by the Finance Circular 01/2017 dated 23.01.2017.</p>	<p>of Provident Fund loan amounts for the universities and higher education institutes who delay the sending of Provident Fund and loan installments would be delayed for same respective days.</p> <p>In addition, to avoid delays in fund remittance, the direct remittance method had been introduced by the Finance Circular 01/2017 dated 23.01.2017.</p>

Reference	Matters pointed out by the Auditor General	Replies and Comments referred to the Auditor General	Present Position and Actions taken
<p>5.) Systems and Controls</p>	<p>Deficiencies in systems and controls observed during the course of audit were brought to notice of the Secretary from time to time. Special attention is needed in respect of the followings areas of control.</p> <p><u>Area of Systems and Controls</u></p> <p>(a) Funds Management</p> <p>(i) Delay in releasing provident funds of members who had terminated their service</p> <p>(ii) Delay in remitting monthly Loan and installments and contributions to the Provident Fund</p>	<p>Not agreed.</p> <p>Delays have not been occurred when releasing of UPF refunds.</p> <p>In addition, to avoid delays in fund remittance, the direct remittance method had been introduced by the Finance Circular 01/2017 dated 23.01.2017.</p>	<p>Delays have not been occurred when releasing of UPF refunds.</p> <p>In addition, to avoid delays in fund remittance, the direct remittance method had been introduced by the Finance Circular 01/2017 dated 23.01.2017.</p>

## Abbreviations

University Grants Commission	-	UGC
University of Colombo	-	CMB
University of Peradeniya	-	PDN
University of Kelaniya	-	KLN
University of Sri Jayewardenepura	-	SJP
University of Moratuwa	-	MRT
University of Jaffna	-	UJA
University of Ruhuna	-	RUH
Open University of Sri Lanka	-	OUSL
Eastern University, Sri Lanka	-	EUSL
South Eastern University of Sri Lanka	-	SEUSL
Rajarata University of Sri Lanka	-	RUSL
Sabaragamuwa University of Sri Lanka	-	SUSL
Wayamba University of Sri Lanka	-	WUSL
Uva Wellassa University of Sri Lanka	-	UWU
The University of the Visual & Performing Arts	-	UVPA
Postgraduate Institute of Agriculture	-	PGIA
Postgraduate Institute of Pali & Buddhist Studies	-	PGIPBS
Institute of Indigenous Medicine	-	IIM
Institute of Human Resource Advancement	-	IHRA
Postgraduate Institute of Medicine	-	PGIM
Postgraduate Institute of Archaeology	-	PGIAR
Postgraduate Institute of Management	-	PIM
University of Colombo School of Computing	-	UCSC
Gampaha Wickramaarachchi Ayurveda Institute	-	GWAI
Postgraduate Institute of Science	-	PGIS
National Institute of Library & Information Sciences	-	NILIS
Institute of Technology, University of Moratuwa	-	ITUM
Institute of Biochemistry, Molecular Biology & Biotechnology	-	IBMBB
Swamy Vipulananda Institute of Aesthetic Studies	-	SVIAS
Postgraduate Institute of English	-	PGIE
The National Centre for Advanced Studies in Humanities and Social Sciences	-	NCAS
University of Colombo, Institute for Agro-Technology and Rural Sciences	-	UCIARS
Higher Education for Twenty First Century Project	-	HETC
National Institute of Education	-	NIE
Sri Lanka Telecom Human Capital Solutions	-	SLT HCS
English Language Teaching Units	-	ELTU
Department of Management Services	-	DMS
Staff Development Center	-	SDC
Queensland University of Technology	-	QUT
Sri Lanka Institute of Information Technology	-	SLIIT
Asia Pacific Institute of Information Technology	-	APIIT

