ANNUAL REPORT & ACCOUNTS
2010

RAJARATA UNIVERSITY OF SRI LANKA
MIHINTALE

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VISION

"To be a centre of excellence in higher education, research and dissemination of knowledge"

MISSION

"To produce high quality, innovative intellectuals with creativity and discipline, develop competencies and dedication of staff create a conducive environment for teaching, learning, research and dissemination of knowledge and to promote co-existence with mutual respect and ethical behavior"

3. Vice Chancellor's Message

It is with great pleasure that I present to you the Annual Report of our esteemed organization for the year 2010. This university has been established on 07th November, 1995 in terms of Section 21 of the Universities Act No. 16 of 1978.

This year shows remarkable achievements in different perspective due to its expansion activities as well as recruitment more members to the approved cadre to the institution. Two hostels with the capacity of 1300 accommodation including male 650 and female 650 were ceremonially declared open. It was able to reduce the high cost of rent-out houses as well has giving the prestige of our students accommodating in University own hostel. Further, the building complex for Applied Sciences cost around 95M have been completed which was dare need to the Faculty of Applied Sciences. Further the construction of Para-clinical building which are housed 9 academic departments which cost 219M has already been constructed. The student population to the newly established Faculty of Medicine & Allied Sciences have increased up to 900 and most of them are involved with clinical training at the Teaching Hospital, Anuradhapura.

The Clinical building project which costs Rs. 1.5 B with all accessories have been partly completed the State Engineering Cooperation who is the contractor to the construction has agreed to handover the building on or before May 2011. Present student population of the University is around 4000 in five faculties of Agriculture, Applied Sciences, Management Studies, Medicine & Allied Sciences and Faculty of Social Sciences & Humanities. Further, academic programme have been changed to meet the requirements of the demand of the job market and using funds which granted under the IRQUE project and it has provided more facilities to develop the IT skills, language skills, soft skills and other facilities of the Students to face the challenges in the competitive global.

The Faculty of Applied Sciences has been able to start e-learning external degree program while the Faculty of Management Studies is continuing with its postgraduate diploma and MBA, MSc to train future managers and the leaders of the country. The ELTU is continuously conducting its certificate course, Diploma Course for developing English language skills of the north central province which university feels as it social responsibility.

The Faculty of Social Sciences & Humanities has started the Diploma in Economics which gives the opportunities to train Senior, Junior Managers to enhance their skills of knowledge of economic developments. The University has been able to prepare it's cooperate plan 2011 - 2015 together with its action plan. The Annual Convocation was held on 16th December 2010. The Faculty of Management Studies has conferred 8 MBA degrees, 23 PGDM and 163 degrees. The Faculty of Agriculture has awarded 55 degrees, the Faculty of Applied Sciences has awarded 69 and Faculty of Social Sciences & Humanities has awarded 181 degrees.

Further, University was able to change the curricula of certain academic division and also expand IT educational knowledge of English language of among university student. The Faculty of Medicine & Allied Sciences was able to conduct research symposium together with the well recognized outside expertise with University academic staff. At this event University academic staff members were able to share their knowledge by submitting the research proposals. The University intends to increase at least by 10% annual intakes for different discipline of academic filed. Faculty of Applied Sciences has made a link with Sweden University and signed a MoU with Chalmers Institute of Technology/Gothenburg University, Sweden which facilitate exchanging students as well as staff members for different academic exposure.

Further restructuring of existing computer centre for widening the knowledge of undergraduates to suit their IT knowledge.

Financial Performance for the Year

Annual allocation for the year was Rs. 909.75 million which is a 24.74% increase of the previous year. The recurrent grant was Rs. 386.25 million and it is 11.86% above the previous year. Capital grants as well as equipment grant showed a considerable increase comparing to the previous year and that shows the improvement of the infrastructure facilities of the university.

(PROFESSOR K.A. NANDASENA)
VICE CHANCELLOR
RAJARATA UNIVERSITY OF SRI LANKA

4. Details of Resources & Students:

Faculty	Course	Total Students	Total Academic Staff	Total non Academic Staff
Faculty of Agriculture	B.Sc in Agriculture (special) degree	105	27	37
Faculty of Applied Sciences	B.Sc (General) 3 years degree in Applied Sciences	196	21	28
Faculty of Social Sciences & Humanities	B.A. (General) Degree B.A. (Special) Degree	330	27	14
Faculty of Mgt. Studies	B.Sc. Special Degree	270	27	16
Faculty of Medicine & Allied Sciences	MBBS Degree	180	30	82

5. Details of Local Students:

Faculty	Course	Medium	Intake 2010	1st Year Students	2nd Year Students	3rd Year Students	4th Year Students	5th Year	No of Graduated
Management Studies	B.Sc Special Degree	Sinhala/ English	2008/2009	304					163
			2007/2008		267				
			2006/2007			208			
			2005/2006 2005/2006V				211		
Faculty of Social Sciences & Humanities	B.A. (General) Degree Programme	Sinhala/ English	2009/2010	330					140
			2008/2009		332				
			2007/2008			160			
			2006/2007				0		
Medicine & Allied Sciences	MBBS		2009/2010	180					-
			2008/2009		184				
			2007/2008			180			
			2006/2007				181		
			2005/2006					170	
Faculty of Agriculture	B.Sc Agriculture Special Degree	English	2009/2010	92					55
			2008/2009		90				
			2007/2008			88			
			2006/2007				82		
			2005/2006					66	

Faculty of Applied Sciences	B.Sc Degree in Applied Sciences (Biology & Physical		2009/2010	108					
			2008/2009		141				
			2007/2008			85			
			2006/2007				83		
			2005/2006					5	
	B.Sc Degree in Health Promotion		2009/2010	28					
		English	2008/2009		28				69
			2007/2008			33			
			2006/2007				23		
			2005/2006					3	
	B.Sc. Degree in Information & Communication Technology		2009/2010	58					
			2008/2009		55				
			2007/2008			63			
			2006/2007				42		
			2005/2006					8	
Total				1134	1056	971	523		468

6. Details of Foreign Students:

Faculty	Course	Medium	Intake 2010	1st Year Students	2nd Year Students	3rd Year Students	4th Year Students	No of Graduated
Faculty of Applied Sciences	B.Sc. Degree in Health Promotion	English		0	1	0	0	0
Faculty of Agriculture				0	0	0	0	0
Medicine & Allied Sciences				0	0	0	0	0
Faculty of Social Sciences & Humanities				0	0	0	0	0
Management Studies				0	0	0	0	0
Total				0	1	0	0	0

7. Details of Academic Staff:

Faculty	Subject	Medium	Senior Prof	Professor	Senior Lecturer	Lecturer	Assistant Lecturer	Instructors
			-	-	7	21	-	2
FOA			-	1	14	9	-	2
FOAS			-	-	8	19	-	-
FSSH			-	-	15	12	-	1
FMGT			-	-	1	34	-	3
FMAS			-	-	-	-	-	3
Total				1	45	95	0	11

8. Details of Non- Academic Staff:

Faculty/Branch	Most Senior	Senior Staff	Junior Staff	Minor Employees
Faculty of Agriculture	-	1	18	18
Faculty of Applied Sciences	-		16	12
Faculty of Social Sciences & Humanities	-	1	8	5
Faculty of Management Studies	-	1	10	5
Faculty of Medicine & Allied Sciences	-	2	48	32
General Administration	1	3	17	8
Internal Audit	-	1	2	1
Career Guidance Unit	-	-	1	-
Staff Development Centre	-	-	1	-
Financial Administration	1	2	8	2
Stores and Supplies Service	-	-	5	2
Security Services	-	-	3	1
Transport Services	-	-	1	8
Library Services	-	1	10	14
Health Services	-	-	4	2
Physical Education	-	1	1	3
Student and Staff Welfare	-	1	3	1
Examination	-	1	4	2
Maintenance of Land, Building & Facilities	-	2	11	23
Hostel	-	-	4	12
Total	**2**	**17**	**175**	**151**

9. Details of Research, Innovation and Publications:

Subject	Published	Commercialized	Presented
Faculty of Applied Sciences			
a. No of Researches	41	-	15
b. No of Innovations	-	-	-
c. No of Journals	06	-	-
d. No of Books	01	-	-
e. No of Articles	-	-	-
f. Other	-	-	-
Faculty of Agriculture			
a. No of Researches	31	-	02
b. No of Innovations	-	-	-
c. No of Journals	01	-	01
d. No of Books	02	1	-
e. No of Articles	10	1	13
f. Other	-	-	02
Booklet Chapters	03	-	-
Abstracts	12	-	-

Faculty of Social Sciences				
a. No of Researches	9		-	10
b. No of Innovations	-		-	-
c. No of Journals	-		-	-
d. No of Books	18		-	-
e. No of Articles	11		-	01
f. Other	-		-	-
Faculty of Management Studies				
a. No of Researches	-		-	06
b. No of Innovations	-		-	-
c. No of Journals	-		-	01
d. No of Books	-		-	08
e. No of Articles	-		-	04
f. Other	-		-	31
Faculty of Medicine & Allied Sciences				
a. No of Researches	13		-	13
b. No of Innovations	-		-	-
c. No of Journals	-		-	-
d. No of Books	-		-	-
e. No of Articles	-		-	-
f. Other	55		-	55

10. Details of Programme, Seminars & Workshops:

Subject	Attended	Completed	Presented
Faculty of Applied Sciences			
a. No of Postgraduate Degree Programme	-	01	02
b. No of Postgraduate Diploma Programme	-	-	-
c. No of Degree Prgoramme	-	-	-
d. No of Diploma Programme	-	-	-
e. No of Certificate programme	-	03	-
f. Other	-		-
Faculty of Agriculture			
a. No of Postgraduate Degree Programme	12	02	01
b. No of Postgraduate Diploma Programme	02	-	-
c. No of Degree Prgoramme	02	01	-
d. No of Diploma Programme	01	-	-
e. No of Certificate programme	02	07	-
f. Other	19		05
g. No of Postgraduate Degree Programme	04	-	-
h. No of Postgraduate Diploma	10	-	-

Programme			
Faculty of Social Sciences & Humanities			
No details to report			
Faculty of Medicine & Allied Sciences			
No details to report			
Faculty of Management Studies			
a. No of Postgraduate Degree Programme	-	-	01
b. No of Postgraduate Diploma Programme	-	-	01
c. No of Degree Prgoramme	-	-	04
d. No of Diploma Programme	-	-	01
e. No of Certificate programme	-	-	03
f. Other	-	-	-

11. Details of Awards Received

Subject	No of Awards	No of Academics	No of Students
Faculty of Applied Sciences			
a. Local awards	-	-	-
b. National Awards	-	-	-
c. International Awards	01	01	-
d. Other	-	-	-
Faculty of Agriculture	-	-	-
No awards received in 2010			
Faculty of Social Sciences & Humanities			
No awards received in 2010			
Faculty of Medicine & Allied Sciences			
a. Local awards	-	-	-
b. National Awards	2	2	-
c. International Awards	1	-	-
d. Other	-	-	
Faculty of Management Studies			
a. Local awards	6	-	6
b. National Awards	-	-	-
c. International Awards	-	-	-
d. Other	-	-	-

12. Details of New Courses Started:

Faculty	Course	Medium	Certificate	Diploma	Postgraduate Diploma	Master	M Phil	PhD
Faculty of Applied Sciences	ICT	English	01	-	-	-	-	-

13. Details of Recurrent Expenditure:

Subject	2009 Rs	2010 Rs
a. Personal Emoluments	231,866,627.00	278,037,873.00
b. Travelling	1,313,493.00	1,725,951.00
c. Supplies	17,393,087.00	26,581,161.00
d. Maintenance	7,667,719.00	8,521,814.00
e. Contractual Services	110,922,462.00	133,503,771.00
f. Other	157,227,598.00	183,078,384.00
Total	**526,390,986.00**	**631,448,954**

14. Details of Capital Expenditure

Subject	2009 Rs	2010 Rs
a. Acquisition of furniture & office equipments	55,474,657.00	69,938,983.00
b. Acquisition of Machineries	-	-
c. Acquisition of Building & structures	339,984,449.00	535,069,246.00
d. Other	37,805,617.00	24,316,240.00
Total	**433,264,722.00**	**629,324,469.00**

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

Name & Detail	Loan/Grant	Funding Agency #	TEC Rs.	RFA Rs.	RFA Rs.
1. IRQUE	Grant	WB	36,000,000.00	36,000,000.00	-
2. DEMP –					
Applied Science	Grant	ADB	4,000,000.00	500,000.00	3,500,000.00
Management	Grant	ADB	2,000,000.00	400,000.00	600,000.00
3. NCAS Mphil / Phd	Grant	GOSL	2,000,000.00	1,100,000.00	900,000.00
4. Academic Research	Grant	COSL	4,000,000.00	2,000,000.00	2,000,000.00
Total			**48,000,000.00**	**40,000,000.00**	**7,000,000.00**

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

Name	TCE Rs.	Exp in 2009 Rs	Exp in 2010 Rs	Cumulative Exp as at 31.12.2010	% of Physical Progress
1. IRQUE	205,110,000.00	169,110,000.00	205,110,000.00	205,110,000.00	100%
2. DEMP					
Applied Sciences	4,000,000.00	200,000.00	500,000.00	1,700,000.00	43%
Management	2,000,000.00	800,000.00	400,000.00	1,200,000.00	60%
3. NCAS	2,000,000.00	1,000,000.00	900,000.00	1,900,000.00	95%
4. Academic Research	4,000,000.00	2,000,000.00	2,000,000.00	4,000,000.00	100%
Total	**217,110,000.00**	**173,110,000.00**	**208,910,000.00**	**213,910,000.00**	

17. Details of Financial Progress (Expenditure):

Subject	Provision in 2010 Rs	Exp in 2010 Rs	Savings /Excess Rs
a. Recurrent Expenditure Project	455,148,312.00	472,144,451.00	(16,996,139)
b. Capital Expenditure Project	523,500,000.00	629,324,469.00	(105,824,469)*
c. Project – Local funded	6,000,000.00	3,100,000.00	2,900,000
d. Project – Foreign funded	42,000,000.00	36,900.00	41,963,100
Total	**1,026,648,312.00**	**1,104,605,820.00**	**(77,957,508)**

- *Excess including Retention and Sundry Creditors of Rs. 84 mn.

18. Details of Financial Progress (Generated Income):

Source of Revenue	Provision in 2010 Rs.	Collection in 2010 Rs	Deficit/Surplus Rs.
a. Undergraduate Studies	15,000,000.00	14,000,000.00	1,000,000.00
b. Postgraduate studies	10,000,000.00	8,155,000.00	1,845,000.00
c. Consultancies			
d. Other			
Total	**25,000,000.00**	**22,155,000.00**	**2,845,000.00**

19. Financial Performance Analysis – 2010:

Subject	Formula	Exp. Per Student Rs
a. Recurrent Expenditure per Student (Rs.)	RE/No. of Students Strength	97,000.00 *
b. Capital Expenditure per Student (CE)	CE/No. of Students Strength	129,784.00 *
Total		**226,784.00**

***No. of Students Strengths – UGC**

Faculty of Medicine	896
Faculty of Management Studies	1293
Faculty of Social Sciences	1323
Faculty of Applied Sciences	840
Faculty of Agriculture	497
Total	4849

20. Details of infrastructure Facilities Received in 2010

Infrastructure Details	Expenditure Rs	Physical Progress
Rehabilitation & Renovation of Capital Assets	24,316,240.00	100%
Building Projects-		
Hostel Complex – 800 Students	145,992,913.00	100%
Applied Sciences – stage II	34,248,383.00	100%
Para –clinical Building	48,503,354.00	100%
Clinical Building	279,720,239.00	60%
Student cetre & Canteen – Agriculture	26,474,913.00	100%
Social science & Humanity Building	129,416.00	10%

ANNUAL STATEMENT OF ACCOUNTS
FOR THE YEAR 2010

THE STATUTORY REPORT ON THE ANNUAL STATEMENT OF ACCOUNTS OF THE RAJARATA UNIVERSITY OF SRI LANKA FOR THE YEAR 2010.

These accounting statements have been prepared in terms of Section 106 (1), (2) and 107 (b) of the Universities Act No. 16 of 1978 as amended by the subsequent legislation including Universities (Amendment) Act No. 7 of 1985 and the Finance Act No. 38 of 1971.

The Presentation and the interpretation of accounts have been done by maintaining Accounting concepts, Consistency, going Concern, accrual basis and materiality and aggregation concepts and following the generally accepted accounting assumptions, principles, standards and practices which are usually adhered to in presenting Accounts of Universities.

Following are the salient features that have to be highlighted in the Statement of Accounts for the Year 2010.

I. As shown below, the total Government grant for the Recurrent expenditure, Bursaries, Mahapola and Buildings, Equipment, Rehabilitation of Capital Assets, for the Year 2010 was Rs. 960.55 million.

Government Grant for Recurrent Expenditure	Rs. 386.25 million
Government Grant for Mahapola Scholarships	Rs. 31.90 million
Government Grant for Bursary Payments	Rs. 18.90 million
Capital 101 Rehabilitation of Capital Assets	Rs. 40.00 million
Capital 103 Purchase of Lands & Buildings	Rs. 410.00 million
Capital 102 Teaching and Lab Equipments, Office Furniture and Equipments, Books and Periodicals	Rs. 63.00 million
Capital 102 IT Development	Rs. 10.50 million
Total	**Rs. 960.55 Million**

II. Excess of Expenditure over Income in 2010 was Rs. 173.10 million for the University including provision for depreciation and Gratuity.

III. Amount of Loans and advances paid to employees of University and others as at the date of the Financial Position was Rs. 21.10 million, exclusive of loans from Provident Fund. These loans were granted to employees on sureties (PF). The loans granted from the Provident Fund were taken off from the Books of Accounts as per the Instruction of the UGC.

IV. Total value of investments of the Rajarata University, Mihintale, as at the date of the Financial Position sheet was Rs. 39.90 million.

V. Income from other sources of Rajarata University, Mihintale as for the year ended of the Financial Performance was Rs. 20.20 million.

VI. The value of the Fixed Assets at net value as shown in the Financial Position of the Rajarata University, Mihintale was Rs. 952.80 million.

VII. The stock value shown in the Financial Position amounting to Rs. 21.20 million was arrived at, after a physical verification of stores to establish the ownership, existence and the value of the items including the manner in which the Accounting records are maintained for stock items.

VIII. Cash Book balance of the University, as at 31st December 2010 was Rs. 20.70 million. However, the University still had the liabilities and accrued expenses at the particular date and the same had been settled subsequently due to the grant been received just after the closing of accounts.

IX. Closing balances of the Bank Accounts maintained by the University in the Financial Position have been reconciled with the relevant cash books and the respective Banks were requested to send in their confirmations direct to the Auditors.

Prof. K. A. Nandasena Vice Chancellor	Mr. A. G. Karunarathna Registrar	Mr. R. M. Dassanayaka Bursar
Prof. K.A. Nandasena Vice Chancellor Rajarata University of Sri Lanka Mihintale.	REGISTRAR Rajarata University of Sri Lanka Mihintale	

NOTES ON THE STATEMENT OF ACCOUNTS OF THE RAJARATA UNIVERSITY OF SRI LANKA FOR THE YEAR 2010

Notes in General

(a) Government Grant received for the year, Revenue generated through internal sources and expenditure incurred are recorded on accrual basis.

(b) Material stocks are physically verified and valued on 'first in first out' (FIFO) basis to ascertain the current value, existence and the ownership and were done as at the Financial Position date, in the manner where the accounting records are maintained for stocks items.

(c) The expenditure has been analyzed on Programme, Project and Department basis and object code wise and is shown in the statement of Accounts accordingly.

(d) The Rajarata University has spent a sum of Rs. 24.30 million, under the Programme of Rehabilitation, utilizing the Treasury Grants.

(e) The accounting of Rehabilitation Project was carried on the basis of the principles and techniques adopted by the UGC and the Treasury depending on the nature of projects.

NOTES TO THE STATEMENT OF FINANCIAL POSITION – RAJARATA UNIVERSITY.

(a) The total Capital Grants for Buildings, Equipments and Rehabilitation of capital assets to the University for the year ware Rs.523.50 millions.

(b) Detailed schedules for the Statement of Financial Position have been prepared separately in respect of individual accounts.

(c) Fixed assets have been depreciated at cost at the following rates.

Buildings	5%
Furniture and Fittings	10%
Office Equipments	20%
Library Books and Periodicals	20%
Motor Vehicles	20%
Laboratory and Teaching Equipments	20%
Livestock	20%

A sum of Rs. 99.10 millions has been provided for depreciation for the year 2010, Accumulated Depreciation as at 31 December 2010 was Rs. 559.90 millions.

In according to the UGC Circular No. 649 Assets are depreciated on purchase & disposal monthly basis. The Assets vested from IRQUE World Bank Project were not depreciated.

(d) In accordance with the SLAS 16, a sum of Rs. 3.68 millions has been provided for gratuity payments for the year 2010. The accumulated provision for the gratuity as at 31.12.2010 is Rs. 36.70 millions.

(e) University has purchased a cost of Rs. 14.40 millions, vehicles on Financial Leasing basis on the approval of Government Treasury during the financial year 2010.

(f) The value of Chemical at end of the year in the Faculty of Medicine, Applied Sciences & Agriculture has been taken to accounts as Instruction given by the Auditor General in his last year reports.

(g) A sum of Rs. 205,11 million were spent for different Development Academic Programmes of the Rajarata University during the last Five years period since 2005 to ending 30th June 2010 funded by the World Bank under the Improvements Relevance Quality University Education project. The project assets were vested to University. The project values of assets and funds utilization taken to account of university and shown in the annual statement of account at end of 31st December 2010. The project summary assets values and quality Enhancement fund utilization are as follows.

1. **Assets – Value**

Office Furniture	Rs. 3.60 million
Office Equipment	Rs. 3.54 million
Lab & Teaching Equipment	Rs. 84.06 million
Vehicles	Rs. 7.46 million
Books	Rs. 5.76 million
Improvement to the Capital Assets	Rs. 27.45 million
IT Equipments	Rs. 28.04 million

2. Quality Enhancement Unit Fund Utilization

Faculty of Applied Science
Faculty of Social Sciences and Humanities } Rs. 45.20 million

(h) The value of Livestock in the Faculty of Agriculture has been depreciated at the rate of 20% annually.

(i) Excess of Expenditure over income in 2010 was Rs. 173.10 million for the University including provision for depreciations. Gratuity payments, expenses creditors and committed liabilities. The summary of the excess of Expenditure over income (deficit) is as follows,

Excess of Expenditure over Income for the year ended 31st December 2010, Rs. 173.10

Less Provision for –

Fixed Assets Depreciation	Rs. 99.08 million	
Research and Development	Rs. 4.00 million	
Staff Gratuity Payments	Rs. 3.68 million	
Recurrent Expenditure Creditors	Rs. 20.20 million	
		Rs. 126.96
Annual Deficit		Rs. 46.34

(j) University requested fund for the year 2010 were Rs. 530 million considering Actual Cadre requirements and filling of vacancies of recently establish fourteen department of Medical Faculty and utilities of additional intake of student Medical and other Faculties. The Government Treasury Allocated funds were Rs. 386.2 million on the basis of previous year on Existing Cadre positions and Actual Expenses for utilities. No additional funds were granted for recurrent expenses during the year 2010. Even though the settlement of expense creditors had been due in December 2009 Rs. 17.00 million. Therefore the following Budget variances were arised,

	Budgeted 2010	Actual 2010	Variances
Personnel Emoluments	245.00 million	278.00 million	(33.00 million)
Other Recurrent	160.00 million	194.00 million	(34.00 million)
Total	**405.00 million**	**472.00 million**	**(67.00 million)**

Prof. K. A. Nandasena	**Mr. A. G. Karunarathna**	**Mr. R. M. Dassanayaka**
Vice Chancellor	**Registrar**	**Bursar**

Prof. K.A. Nandasena
Vice Chancellor
Rajarata University of Sri Lanka
Mihintale.

REGISTRAR
Rajarata University of Sri Lanka
Mihintale

BURSAR
RAJARATA UNIVERSITY OF SRI LANKA
MIHINTALE

RAJARATA UNIVERSITY OF SRI LANKA, MIHINTALE

STATEMENT OF FINANCIAL POSITION AS AT 31 ST DECEMBER 2010

Description	Shd. Page No.	Current Year as at 31.12.2010 Rs.		Previos Year as at 31.12.2009 Rs.	
Assets					
Non Current Assets					
Fixed Assets (WDV)	15-17	952,845,213.14		728,446,244.70	
Work in Progress	14	949,496,662.54		467,759,752.28	
Restricted Fund Investment	20F	39,969,797.60		46,434,007.37	
Other Investment	21G	73,375.49		67,996.37	
			1,942,385,048.77		**1,242,708,000.72**
Intangible Assets	21J	6,570,990.77	**6,570,990.77**	5,753,714.48	**5,753,714.48**
Current Assets					
Stocks	21H	21,216,983.44		10,724,456.83	
Sundry Debtors - Miscellaneous	21I	629,162.25		549,118.59	
- Violation of Bonds & Agreements	21I	2,438,922.90		3,649,184.41	
Loans & Advances to Staff	22K	21,142,979.53		21,692,768.51	
Loans & Advances to Students					
Miscellaneous Advances	22L	2,825,033.73		3,534,823.75	
Supplies & Services Advances	23M	3,147,095.48		2,862,644.45	
Monies due from other Universities & Institutions	23N	1,766,039.20		1,509,800.00	
Pre - Payments	23O	2,942,457.22		1,704,128.48	
Mobilization Advance	14	74,252,819.93		83,022,214.48	
Treasury Deposit				139,750,000.00	
Cash Balances at Bank	24P	20,702,659.86		8,717,088.77	
			151,064,153.54		277,716,228.27
Total Assets			**2,100,020,193.08**		**1,526,177,943.47**
Current Liabilities					
Sundry Creditors	25Q	(60,091,426.79)		(197,152,279.01)	
Deposits	25R	(79,612,724.61)		(49,863,036.52)	
Expense Creditors	25S	(20,434,583.70)		(17,055,177.26)	
Leasing Creditors	25Q	(9,149,058.00)		(8,609,196.00)	
Others	26T	(7,621,554.02)		(3,339,486.27)	
			(176,909,347.12)		**(276,019,175.06)**
Non Current Liabilities					
1. (a). Endowment Fund	18C	(801,277.40)		(467,612.26)	
(b). Student Bursaries Fund					
2. Special Grants					
3. Research Grants	19D	(12,362,076.19)		(10,056,436.89)	
4. Cash Donations					
5. Other Funds	19E	(55,440,213.13)		(42,996,720.41)	
6. Leasing Creditors	25Q	(15,628,085.00)		(10,588,120.00)	
			(84,231,651.72)		**(64,108,889.56)**
Total Liabilities			**(261,140,998.84)**		**(340,128,064.62)**
Total Net Assets			**1,838,879,194.24**		**1,186,049,878.85**

Description	Shd. Page No.	Current Year as at 31.12.2010 Rs.		Previos Year as at 31.12.2009 Rs.	
NET ASSETS /EQUITY					
1. Capital - Spent Capital Grants		1,323,346,726.51		1,168,083,478.66	
2. Capital - Spent Grants/ Work in Progress	14	1,023,749,482.47		550,781,966.76	
4. Unspent Capital Grant - Purchase of Land and Buildings	13	(36,522,308.38)	**2,310,573,900.60**	(75,203,062.55)	**1,643,662,382.87**
4a. Specific Reserves					
Unspent Capital Grant Equipment Furniture, Library Books & Vehicle Special Grant Assets	12	(312,776.82)	**(312,776.82)**	54,647.21	**54,647.21**
4b. Rehabilitation					
1. Rehabilitation - Spent Grant					
2. Rehabilitation - Unspent Grant	12	387,802.84		(2,168,419.52)	
3. Donation (Assets)	18A	10,921,839.98		10,921,839.98	
4. Foreign Aids		153,320,332.94	**164,629,975.76**		**8,753,420.46**
2. Reserves					
1. Special Reserves	18B	39,415,075.71		34,519,374.20	
2. General Reserve of the Institution	10	(675,426,981.01)	**(636,011,905.30)**	(500,939,945.89)	**(466,420,571.69)**
TOTAL NET ASSETS/EQUITY			**1,838,879,194.24**		**1,186,049,878.85**

Certified Correct

Prof.K.A.Nandasena	***Mr.A.G.Karunarathna***	***Mr.R.M.Dassanayaka***
Vice Chancellor	***Registrar***	***Bursar***

Prof. K.A. Nandasena
Vice Chancellor
Rajarata University of Sri Lanka
Mihintale.

REGISTRAR
University of Sri Lanka
Mihintale

RAJARATA
MIHINTALE

RAJARATA UNIVERSITY OF SRI LANKA - MIHINTALE
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER 2010

Description	Current Year 2010 Rs.	Previos Year 2009 Rs.
Operative Revenue		
01. (a).Government Grant for Recurrent - Expenditure	386,250,000.00	345,300,000.00
(b) - do - Student Bursaries	18,861,400.00	16,470,740.79
(c) - do - Grant for Mahapola	3,954,811.60	3,922,656.57
(d) - do - Rehabilitation Recurrent Nature	1,705,221.23	258,640.83
(e) Mahapola Trust Fund	27,332,100.00	29,362,820.00
(f) QEF Grant	10,071,498.09	
02. Interest from Investment	459,775.37	3,002,454.12
03. Interest from Loans	727,664.22	961,222.76
04. Rent from Properties	562,920.50	517,152.46
05. Sale of old Stocks	81,949.00	150,496.24
06. Sales of Vehical	-	1,833,500.00
07. Photocopy Charges	420.00	250.00
08. Miscellaneous Receipts	1,510,619.11	2,064,930.51
09. Registration Fees (Undergraduate)	586,588.50	603,479.50
10. Registration Fees (Suppliers)	230,757.50	6,500.00
11. Tuition Fees (Undergraduate)	180,000.00	
12. Convocation Fees	729,700.00	521,500.00
13. Examination Fees(Undergraduate)	76,544.00	61,976.00
14. 1. Examination Fees (Postgraduate)		
2. Examination Fees (External Examination)		
15. Tender Fees	468,750.00	229,810.00
16. Library Fines	212,927.22	355,462.54
17. Fine for Cloaks	31,225.00	28,075.00
18. Services rendered to outsiders/ Hire of Plant & Equipment	1,631,970.05	315,400.00
19. Proceeds from Ancillary Activities	1,512,285.44	1,416,071.40
20. Donation for convocation	100,000.00	285,000.00
21.Certificate Fees	40,000.00	59,520.00
22.Consultancy Fees	50,332.94	30,845.56
23.Library Charges	357,750.00	340,500.00
24.Labouratory Charges	316,800.00	357,200.00
25.Student Record Book	121,900.00	134,900.00
26.Medical Fees	182,550.00	203,250.00
Total Income	**458,348,459.77**	**408,794,354.28**

Description	Current Year 2010 Rs.	Previos Year 2009 Rs.
Operating Expenses		
Personal Emoluments	(278,037,872.88)	(231,866,627.33)
Travelling	(1,725,950.84)	(1,313,493.00)
Supplies and Consumable Used	(26,581,161.25)	(17,393,087.70)
Maintenance	(8,521,814.03)	(7,667,718.81)
Contractual Services	(133,503,771.09)	(110,922,462.01)
Research and Development	(4,000,000.00)	(3,500,000.00)
Depreciation and Amotitation Expenses	(99,084,694.34)	(86,141,682.01)
Other Operating Expenses - Other Recurrent	(19,773,880.11)	(17,829,697.87)
- Financial Assistant to Students	(50,148,311.60)	(49,756,217.36)
- QEF Recurrent Expenditure	(10,071,498.09)	
Total Operating Expenses	**(631,448,954.23)**	**(526,390,986.09)**
Finance Cost		
Gain on sales peoperty Plant and Equipment		
Total non Operating Revenue		
Net Serplus before extra ordinary Items	(173,100,494.46)	(117,596,631.81)
Extra Ordinary Items		
Net Surplus/Defisit for the period	**(173,100,494.46)**	**(117,596,631.81)**

RAJARATA UNIVERSITY OF SRI LANKA
STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31ST DECEMBER 2010

Description	Acumulated Fund 2010 Rs.	Translation Reserve	Total 2010 Rs.	Total 2009 Rs.
Balance as at 31st December 2009	(500,939,945.89)	0.00	(500,939,945.89)	(387,381,041.01)
Changes is Accounting policy				
Restated balance	(500,939,945.89)	0.00		
Surplus on Revaluation of properties				
Deficit on reveluation of investment				
Currency translation Deferenses				
Net gains and losses not recognice in the stetements of financial performance				
Serplus/ deficit for the period	(1,386,540.66)		(1,386,540.66)	4,037,726.93
Balance as 31st December 2009	**(502,326,486.55)**	**0.00**	**(502,326,486.55)**	**(383,343,314.08)**
Deficit on revaluation of properties				
Surplus on revaluation of investments				
Currency tranlation deferenses				
Net gains and losses not recogniced in the Statements of the financial performance				
Surplus/deficit for the period	(173,100,494.46)		(173,100,494.46)	(117,596,631.81)
Balanceas at 31st December 2010	**(675,426,981.01)**	**0.00**	**(675,426,981.01)**	**(500,939,945.89)**

Certified Correct

Prof.K.A.Nandasena
Vice Chancellor

Mr.A.G.Karunarathna
Registrar

Mr.R.M.Dassanayaka
Bursar

Prof. K.A. Nandasena
Vice Chancellor
Rajarata University of Sri Lanka
Mihintale.

REGISTRAR
Rajarata University of Sri Lanka
Mihintale

REPORT OF THE AUDITOR GENERAL ON THE FINAL STATEDMENTS OF ACCOUNTS 2010

විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය
எனதுஇல
My No } NC/AP/E/2011/16

ඔබේ අංකය
உமது இல
Your No. }

දිනය
திகதி
Dat e } 06 September 2011

The Vice Chancellor
Rajarata University of Sri Lanka

Report of the Auditor General on the Financial Statements of the Rajarata University of Sri Lanka for the year ended 31 December 2010 in terms of Section 108 (2) of the Universities Act, No. 16 of 1978 and Section 13 (7) (a) of the Finance Act. No. 38 of 1971

The audit of financial statements of the Rajarata University of Sri Lanka for the year ended 31 December 2010 was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Sections 108 (1) and 111 of the Universities Act, No. 16 of 1978 and Sub - sections (3), (4) and (7) of Section 13 of the Finance Act, No. 38 of 1971. This report is issued in terms of Section 108 (2) of the Universities Act, No. 16 of 1978 and Section 13 (7) (a) of the Finance Act. My comments and observations on the above financial statements appear in this report.

1:2 Responsibility of the Management for the Financial Statements

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

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කොළඹ 07, ශ්‍රී ලංකාව
சுதந்திர சதுக்கம்,
கொழும்பு 07, இலங்கை
INDEPENDENCE SQUARE,
COLOMBO 07, SRI LANKA

දුරකථනය
தொலைபேசி
Telephone. } 2691151

ෆැක්ස් අංකය
பக்ஸ் இல
Fax No. } 2697451

ඉලෙක්ට්‍රොනික් තැපැල්
ஈ- மெயில்
E-mail. } oaggov@sltnet.lk

1:3 Scope of Audit and Basis of Opinion

My responsibility is to express an opinion on these financial statements based on my audit. Audit opinion, comments and findings in this report are based on review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitation of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit includes the examination on a test basis of evidence supporting the amounts and disclosures in financial statements and assessment of accounting policies used and significant estimates made by the management in the preparation of financial statements as well as evaluating their overall presentation. I have obtained sufficient information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit. I therefore believe that my audit provides a reasonable basis for my opinion. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

2. Financial Statements

2:1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Rajarata University of Sri Lanka had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 2:2 of this report, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles and give a true and fair view of the state of affairs of the Rajarata University of Sri Lanka as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

2:2 Comments on Financial Statements

2:2:1 Sri Lanka Accounting Standards

Fifteen classes of fixed assets costing Rs.167,142,573 fully depreciated but continued to be in use had not been revalued and brought to account in terms of Sri Lanka Accounting Standard No. 18.

2:2:2 Accounting Deficiencies

The following accounting deficiencies were observed.

(a) Omissions

The Maintenance Unit Building of the Main Administration Building made available for maintaining the University at the establishment of the University and the 33 official quarters and the land on which they are situated had not been vested in the University even during the year under review. As such the value of those had not been included in the financial statements over a period of 11 years.

(b) Understatements and Overstatements

The sum of Rs.10,000,000 payable for the acquisition of a block of land belonging to the Anuradhapura Hospital had been credited to the Cash in Hand Account instead of debiting the Assets Account and crediting the Creditors Account. As such that account had been overstated by a sum of Rs.10,000,000.

2:2:3 Unreconciled Control Accounts

The following observations are made.

(a) According to the financial statements as at 31 December 2010, the Withholding Tax retained amounted to Rs.918,960 whereas according to the ledger and the schedules, that amounted to Rs.870,019, thus indicating a difference of Rs.48,941.

(b) Even though the amount refundable to the Mahapola Trust Fund according to the Ledger Account amounted to Rs.2,397,534, according to the relevant schedules that amounted to Rs.2,450,823, thus indicating a difference of Rs.53,290.

2:2:4 Accounts Receivable and Payable

The following matters were observed.

(a) Balances of sundry loans and advances totalling Rs.668,154 recoverable from 35 officers retired, vacated post or transferred out remained without being recovered over periods ranging from 01 year to 03 years.

(b) Confirmations of balances and age analysis of sundry creditors totalling Rs.84,868,569 had not been furnished to audit.

(c) Advances ranging from Rs.8,000 to Rs.100,000 totalling Rs.1,304,300 granted in 25 instances during January to December of the year under review for the various activities of the Postgraduate Diploma in Management Course had not been settled even by the end of the year of accounts.

(d) Sum totalling Rs.305,000 granted to 04 persons in 04 instances as research advances had not been settled even after the elapse of 13 to 25 months.

2:2:5 Lack of Evidence for Audit

Audit evidence such as the Register of Fixed Assets, detailed Schedules and Board of Survey Reports in respect of fixed assets totalling Rs.1,512,654,773, the detailed Schedules relating to the debit balances of advances of the Postgraduate Diploma in Management Course amounting to Rs.1,424,300 and the detailed Schedules and the Journal Entries relating to the credit balance of Rs.308,029 in the Ledger Account No. 23701 of the same course had not been furnished and as such those could not be satisfactorily vouched in audit.

2:2:6 Non – compliance with Laws, Rules, Regulations and Management Decisions

The following non – compliances were observed.

	Reference to Laws, Rules, Regulations, etc.	Non - compliance
(a)	Establishments Code for the University Grants Commission and Institutions of Higher Education. Sub – sections 2:1 to 2:14 of Chapter xxiv	A Board of Survey of the fixed assets of the University for the year 2010 had not been conducted and report furnished to audit.
(b)	Establishments Code of the Democratic Socialist Republic of Sri Lanka	
	(i) Section 5 of Chapter xix	House rent in terms of the provisions of the Establishments Code had not been recovered from the officers occupying the 02 houses taken on lease for Rs.510,000 in the year under review.
	(ii) Section 5:8 of Chapter xix	i) Even though the officers occupying official quarters should pay the charges on private consumption of water and electricity, the charges on the –consumpted of water of 02 quarters occupied by the officers of the Rajarata University amounting to Rs.18,698 and Rs.5,590 respectively and the charges on the consumption of electricity amounting Rs.32,124 and Rs.14,022 respectively had been settled from the University Fund during the year under review.

		ii) Even though the actual charges of water bills of 55 family unit quarters situated in the Rambewa and Mihintale Premises of the Rajarata University amounted to Rs.869,128 a sum of Rs.65,520 only had been recovered in that connection from the resident employees. As such an additional sum of Rs.803,608 had been paid from the University Fund in the year under review for the private consumption of water.
(c)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
	(i) Financial Regulation 395 (a)	Bank Reconciliation Statements in respect of the transactions for each month should be prepared before the 15th day of the month following. Nevertheless, 16 Bank Reconciliation Statements of 03 Bank Accounts relating to the year under review had not been prepared.
	(ii) Financial Regulation 880	Even though officers certifying vouchers and signing cheques should make security deposited in terms of Public Officers' Security Ordinance, it had not been so done.
(d)	State Accounts Circular No. 147/2002 of 16 April 2002 Paragraph 1	Action had not been taken to re-assess and recover the rent on 19 family unit quarters and 55 single unit quarters of the University on which monthly rents ranging from Rs.38 to Rs.450 had been recovered from the year 1996 to 31 December 2010.

(e) Public Administration Circulars 9/2009 dated 16 April 2009 and 9/2009 (1) of 17 June 2009.	Even though finger print machines should be used for marking the arrivals and departures, the Rajarata University had not made the necessary arrangements in that connection.

2:2:7 Transactions not supported by Adequate Authority

The following observations are made.

(a) Even though the Director General of National Budget of the Treasury had, by his letter No. BD/I/NS/DLU/S/A 078 dated 18 July 2003, informed that the academic allowance and the monthly compensating allowance should not be included for the computation of contributions to the Universities Provident Fund and the Employees' Trust Fund, such allowances had been taken into account. As such a sum of Rs.11,477,553 during the period 1998 to 2009 and a sum of Rs.1,174,591 during the year under review had been spent as the contributions to the Provident Fund and the Employees' Trust Fund without formal authority.

(b) The Director General of Public Enterprises had, by his letter No. PE/01/174/11 (b) dated 06 March 1998, informed the University Grants Commission that the allowance paid to the public officers for proficiency in languages had not been extended to the Public Corporations and Boards. Nevertheless, a sum of Rs.3,520,447 during the period 1999 to 31 December 2009 and a sum of Rs.298,821 during the year under review had been paid as languages proficiency allowance.

(c) Even though a sum of Rs.18 million had been provided by the Treasury in the year 2006 for the acquisition of the Police quarters situated in the Mihintale premises of the University for use as hostels, those had not been acquired even by 31 December 2010. That sum of Rs.18 million deposited in the Bank of Ceylon and the interest accrued thereon amounting to Rs.8,423,653 had been withdrawn by the University on 02 March 2010 and utilized the money to meet other expenditure of the University extraneous to the objective without the approval of the Treasury. The sum of Rs.18 million excluding the interest had been redeposited in the Bank of Ceylon on 31 December 2010.

3. Financial and Operating Review

3:1 Financial Review

3:1:1 Financial Results

According to the financial statements presented, the operations of the University for the year ended 31 December 2010 had resulted in a deficit of Rs.173,100,494 as compared with the corresponding deficit of Rs.117,596,632 for the preceding year thus indicating a deterioration of Rs.55,503,862 in the financial results for the year under review.

3:1:2 Analytical Financial Review

The deficit after incurring expenditure from the money received from the University Grants Commission to meet the recurrent expenditure amounted to Rs.80,503,790 and the corresponding deficit for the preceding year amounted to Rs.42,293,305. When the provision for depreciation on fixed assets amounting to Rs.99,084,694 and the provision for payment of gratuity amounting to Rs.3,685,440 written off against the income for the year under review are taken into consideration, that deficit increased to Rs.183,273,924. When the provision for depreciation on fixed assets amounting to Rs.86,141,682 and the provision for payment of gratuity amounting to Rs.2,641,143 for the preceding year are taken into consideration, that deficit had increased to Rs.131,076,129. Nevertheless, such position had not been disclosed in the financial statements. The deficits for the year under review and the preceding year amounted to Rs.173,100,494 and Rs.117,596,632 respectively after taking into consideration the other income of the University in addition to the money received from the University Grants Commission.

3:1:3 Transactions of Contentious Nature

The University had spent a sum of Rs.1,350,981 in the year under review for the construction of a rest room and latrines in the Matale Hospital without any legal rights and written off that amount against the income by treating it as a recurrent expenditure.

3:2 Operating Review

3:2:1 Performance

The academic performance of the University during the year under review is given below.

(a) The particulars of the final year examinations held in the year 2010 and the passes in degrees are given below.

Particulars	Faculty of Agriculture	Faculty of Management	Faculty of Applied Science	Faculty of Social Science and Humanities
Number of Students who sat the Final Examination in the year under review	52	156	88	208
Number of Students who passed the Examination	39	136	65	
Number of Students who failed the Examination	13	20	12 11*	Results not released.
Percentage Students who failed the Degree Examination out of the students who sat the Examination	25 %	13 %	14 %	

* Out of students of the Faculty of Applied Sciences who had failed the examination 11 had been selected for a special course.

The final year examination of the Faculty of Social Sciences and Humanities had been held from 18 September 2010 to 12 November 2010. But the results had not been released up to the date of the audit report.

(b) The number of students admitted to the 05 Faculties of the University and those who left after graduation during the year under review and the 04 preceding years are given below.

Faculty	Number of Students Admitted					Number who left after Graduation				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
Faculty of Medicine	171	180	181	184	180	--	--	--	--	--
Faculty of Agriculture	74	113	107	108	95	12	28	54	91	55
Faculty of Applied Science	95	160	216	173	196	40	91	89	92	69
Faculty of Social Service and Humanities	156	225	275	337	330	119	192	154	114	181
Faculty of Management	220	211	279	307	276	88	21	162	201	163
Total	716	889	1058	1109	1077	259	332	459	498	468

The graduation of the students of the Faculty of Medicine commenced in the year 2006 will take place in the year 2011. The respective Faculties and the Examinations and the Academic Department had not maintained the information needed to gather clear data on those, out of the students admitted had left the University after obtaining General and Special Degrees.

(c) Cost per Student

The total cost and the cost per student of each Faculty of the University are given below.

	Faculty of Agriculture	Faculty of Applied Science	Faculty of Social Science and Humanities	Faculty of Management	Faculty of Medicine and Allied Studies	Total
Total Cost (Rs.'000)	73,098	91,604	97,391	97,056	112,994	472,143
Total Number of Students	497	840	1,323	1,293	896	4,849
Cost per Student(Rs.'000)	147	109	74	75	126	97

(d) The progress on conduct of lectures in the year 2010 had been as follows.

	Faculty	Planned Lecture Hours	Lecture Hours Conducted	Lecture Hours not Conducted
(i)	Faculty of Applied Science	7595	7563	32
(ii)	Faculty of Agriculture	5246	4471 * Field visits not included	775
(iii)	Humanities Academic Department	7020	6669	351
(iv)	Social Science Academic Department	7400	7189	211
(v)	Faculty of Medicine and Allied Studies	2064	2064	--
(vi)	Faculty of Management	10560	10376	184
		39885	38332	1553

The lecture hours planned for the year 2010 had been 39,885 while the lecture hours conducted had been 38,332 and 1,533 hours of lectures of 4 per cent had not been conducted.

3:2:2 Delayed Projects

The following observations are made.

(a) A sum of Rs.1,213,135 had been paid in the years 2007 and 2008 as consultancy charges and administrative charges on the building proposed for construction for the Faculty of Social Science and Humanities at an estimated cost of Rs.206,000,000 for which quotations had been called for in the year 2007. A sum of Rs.129,416 had also been spent in the year under review as the printing charges on bid documents and drawing of designs. No construction work whatsoever had been done despite the elapse of a period exceeding 03 years.

(b) The period of the project for the construction of the Day Care Centre estimated at a cost of Rs.6,794,191 commenced in the year 2008 had been extended up to 10 April 2009 and a sum of Rs.1,016,768 had been spent in that year. No steps whatsoever had been taken in the year under review for the completion of the balance work of the Project.

3:2:3 Management Inefficiencies

(a) According to the cash book for the year under review, negative balances had been shown in 03 Bank Accounts in 11 instances. The Vice Chancellor had replied that the Bank had been authorized to make inter – account transfers whenever there are cash deficiencies in any of the Bank Accounts. Thus it was observed that management had neglected its responsibilities with regard to financial control.

(b) Travelling expenses amounting to Rs.212,844 in respect of 89 days had been paid on 31 vouchers to the External Lecturers for travelling to the University in motor vehicles for conducting lectures without obtaining confirmation that the lecturers had travelled to the University by their motor vehicles.

3:2:4 Idle and Underutilized Assets

The following observations are made.

(a) Two Bank Current Accounts with balances amounting to Rs.127,800 had been dormant by 31 December of the year under review.

(b) A sundry stock of assets costing Rs.2,107,871 and a typewriter, 03 computers and 06 projectors, the value of which had not been recorded remained in the store in obsolete condition. Action had not been taken in the year under review to eliminate them from the accounts in an appropriate manner.

(c) Three time card machines valued at Rs.163,875 remained idle over a period exceeding 05 years without being used.

3:2:5 Damage and Losses

A surcharge of Rs.14,064 had been paid to the Employees' Trust Fund due to the delay in the remittance of contributions to the Employees' Trust Fund.

3:2:6 Human Resources Management

Vacancies existed in the year under review in 110 posts in the Academic Staff comprising 24 posts of Professors, 31 posts of Senior Lecturers and 55 posts of Probationary Lecturers / Lecturers and 55 posts in the Non – academic Staff comprising 07 posts of Executives, 32 Non – Executive posts and 16 posts of minor employees.

4. <u>Systems and Controls</u>

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

(a) Accounting
(b) Stores Control
(c) Fixed Assets

H.A.S. Samaraweera
Auditor General.

CLARIFICATION AND RECTIFICATION OF MEASURES INTEND TO BE TAKEN BY THE UNIVERSITY REGARDING THE REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE RUSL FOR THE YEAR ENDED 31ST DECEMBER 2010 IN TERMS OF SECTION 108(2) OF THE UNIVERSITY ACT NO 16 OF 1978

My No - RJT/BK/AQ/2010
2011.10.17

The Auditor General
Auditor's General Department
Independent Square
Colombo 07

Dear Sir,

Views and the measures have been taken by the University, regarding the report of the Auditor General on the Accounts of the Rajarata University of Sri Lanka, for the year ended 31st December 2010 in terms of Section 108 (2) of the University Act No. 16 of 1978 and Chapter 13(7) a of Act No 38 of Finance Act 1971.

I submit herewith the explanations for the matters pointed out in the Audit Report dated 6th September 2011and your No ANC/AP/E/291/16 and those are presented according to the order of the numbers of the Audit report.

Prof. K.A. Nandasena
Vice Chancellor,

Copy to: 1The Secretary – Ministry of Finance & Planning
2The Secretary – Ministry of Higher Education
3The Chairman – University Grants Commission
4 The Registrar _ Rajarata University of Sri Lanka

Views and the Measures, have been taken by the University regarding the report of the Auditor General on the Accounts of the Rajarata University of Sri Lanka for the year ended 31st December 2010 in terms of section 108(2) of the University Act No: 16 of 1978 and section 13 (7) (A) of the Finance Act No. 38 of 1971.

It has been submitted that the Accounts report with details to the Auditor under section 106(2) and 107(13) of the University Act No 16 of 1978, and Section 107 (13) 7 (A) of the Finance Act No. 38 of 1971 which is the Financial Statements for year ended 31st December 2010 of the Rajarata University of Sri Lanka. Report of the Auditor has been received on 6th September 2011 according to that Accounts and the explanation and opinions and corrections are submit according to the serial numbers of that report.

2.2 Comments on the Financial Statements

2.2.1 Accounting Policies

Assets that were fully depreciated representing zero value in balance sheet would be revalued in accordance with the Sri Lanka Accounting Standard No. 18 and will be taken in to accounts. For this purpose University has already purchased computer software package and the data have already been obtained by a Board of Survey. Details of fixed assets were given to the Dept. of Valuation for the valuation and they have already agreed to finish the valuation process before 15th of December 2011. Accordingly, we will be able to forward fixed assets register along with final accounts for the year 2011. We have already revalued the assets which were representing the fixed assets in the balance sheet.

2.2.2 Accounting Defects

a. Omissions from Financial Statements

i. Activities that are needed to transfer the Land, Administration Building, Building of the Maintenance Division and Official quarters to university are at the final stage. After the finalization, value of those will be assessed and will be taken to accounts

b. Over and under statements in the Financial Statements

There was an issue to obtain a land for the construction of a clinical building for the faculty of medicine, Rajarata University of Sri Lanka. However, later ,with the consent of director ,Teaching Hospital Anuradhapura it was agreed to set the Building in a land belong to Teaching Hospital Anuradhapura .Further ,it was decided to pay Rs 10,000,000/= as per the agreement made with Director ,Teaching Hospital for the removal of the old buildings. For this, consent of council was received and further the approval of University Grant Commission also received. However construction was delayed due to difficulties faced in obtaining funds from treasury during the year 2009 As a result, there was no allocation for the payment. We could not obtain allocation in the year 2010 as well. Therefore, arrangement was made to keep agreed amount in a deposit account without paying. However, the transfer to Creditors account was done by Journal No 124/2011 dated 29th.06.2011 as directed in the Auditor's Report.

2.2.3 Un-reconciled Control Account

a As per the financial statement 31st Dec. 2010, withholding tax retained at the source Rs.918,960.00 is shown correctly in the financial statements and when presenting schedule the amount was shown representing a difference of R 48,941/=. This difference was due to omission when preparing schedules and the necessary arrangements have been taken to correct it.

b In the Financial Statement Rs. 2,397,534.00 is shown as payable to the Mahapola Trust Fund. It is correct. A difference shown at the time of preparing g the schedule has now been corrected

2.2.4 Accounts Receivables

a These balances are represented by recoverable loan balances of staff who have been resigned or transferred to other Universities but UPF balances have not been released. Recovery can be done from EPF based on the agreements they entered at the time of obtaining the loan. Accordingly, the loan balances will be recovered from UPF releases. Recoverable amounts from employees who have been transferred were fully recovered during the year 2011.

b the balances to be paid for services obtain for various purpose by the University as at the preparation of accounts are shown as creditor's balances and these payable money were fully cleared from account due settlements during first quarter of 2011.As such, requirement to obtain confirmation of balances for Creditor Accounts was not arisen. However, arrangements have been made to obtain confirmations in respect of old balances and also age analysis will be presented along with the Final Accounts of the year 2011

2.2.5 Lack of Evidence for the Audit

Arrangements have been made to prepare the fixed asset register using computer package Software package has already been purchased and verification of all asset and data is finalized. We have already handed over all fixed assets schedules to the Department of Valuation .This activity also reaching the end. After finalization of these activities, as a next step, we will feed all the data in to the package during next two month and we will be able to present Fixed Assets register along with Final Accounts of Year 2011.Arrangments will be made to produce Schedule for PGDM advances, Journal Entries and Detailed Schedules as required by the Audit

2.2.6 Non Compliance to Rules and Regulations and Management Decisions

a Board of survey for Fixed Assets has been carried out in 2010. Arrangements will be made to hold the Board of survey for Fixed Assets for the year 2011.

b i. Arrangements have been made to recover Rs 1000/= for rent and Rs 300/= for electricity with effect from September 2011from each resident of the House leased by the university for the Medical Faculty Staff

Rent charges are not recovered from Vice Chancellors in the university system in respect of House obtained and provided for Vice Chancellor.

ii . I. Residents of house mentioned under (i) above, have been charged for water and electricity from September 2011.Rajarata University has implemented as same with whole university system in respect of houses provided for Vice Chancellors

II. Arrangements have been made to amend the rent and water charges of Family Housing Unit situated at the Rambawa and Mihintale premises of Rajarata University of Sri Lanka

c i. Rules 395 (a)

Current Ac Nos 8586758,6809656 and 5022209 =Bank of Ceylon

No funds have been received to these current accounts or payments have been made several months continuously during the year. As such, preparation of Bank Reconciliation has not been attended for that period and correctiveness of balances has been confirmed by preparing reconciliation as at 31.12.2010.Bank confirmation letters have been received. However, as shown in Auditor's Report, we will be make arrangements to prepare Bank Reconciliations for the periods in which the accounts were inoperative.

ii. F.R. 880

Arrangements will be made to present the facts to obtain advices from the University Grant Commission in order to act according to Guarantees Ordinance

d Circulars

Arraignments will be made to amend the rent charges for houses during 2011

e Finger Print Machines will be used to record employees in and out according to Public Administration Circular

2.2.7 Transactions not Supported by Adequate Authority

a,b It will be implemented as per the Circular issued by the University Grant Commission as implemented in the whole University System. Matters pointed out in the Auditor's Report are well known by the University Grants Commission

c Acquisition of the Police quarters situated in the land handed over to the University by the Government was commenced at the inception of establishing the University .However,it has been delayed by the Department of Police due to terrorist activities prevail in the country at that time. Hoverer, during 2006, it came to agreement with Department of Police and Fund was released to pay to the Department of Police. Once again, as a result of terrorist activities taken place during those days, Department of Police delays the transfer. Accordingly the amount of money released by the Treasury was retained in the Bank of Ceylon by way of 7 day and 3 Months Fixed Deposits.

In the year 2010, No of Construction projects were on going and funds was difficulty obtain in respect of student hostel that were completed. For that, Fixed deposit of 18 Million was withdrawn with the accrued interest of 8,473,673/= were used. However, during end of December 2011, money allocated for acquisition of Police quarters were deposited in a fixed deposit with the receipt of funds from treasury in respect of Students Hostel. Full amount with Interest money was not deposited due to lack of money. However, during the year 2011, the Council has agreed to pay the money received from the treasury to Department of Police as a part payment to acquire those houses with an agreement of Department of police,

3 Financial and Operational Review

3.1 Financial Review

3.1.1 Financial Results

3.1.2 Detailed Financial Review

3.1.3 Transactions lead to controversial

Accepted with amendments

The request was made to obtain clinical facilities for Medical students of Faculty of Medicine of Rajarata University of Sri Lanka from General Hospital Matale due to limited facilities in the Teaching hospital Anuradhapura and they were agreed to provide the same .However, it was need to repair a Toilet Block and Rest Room for the students who participated for clinical practices. The money was obtained from Rehabilitation Allocation –Recurrent Nature and clinical activities are carried out at now. That expenditure has been recorded as recurrent expenditure in the university.

3.2 Operational Review

3.2.1 Performance

a
b
c
d

Accepted with amendments

3.2.2 Delayed Projects

a The Cabinet approval was received for the construction of propped building of the faculty of Social Sciences and Humanities. Consultancy for that was assigned to State Engineering Corporation .in 2007; Payments were made to State Engineering Corporation by using received allocations. However, construction was delayed during 2008, 2009 and 2010 due to non allocation of money by the Treasury. However, in 2011, allocations were received for the construction activities and construction was assigned to State Engineering Corporation .construction is in progress now.

b Construction of Day Care Center was commenced during 2006 in the Rajarata University of Sri Lanka. This activity was delayed due to abandonment of construction by the assigned contactor. This was not completed in 2010 as well due to insufficient allocation during 2010.

3.2.3 Financial Management Inefficiencies

Sixteen bank accounts were maintained for the easiness of recording received funds and control of payments of the Common Fund of the University .This in the year 2010.The authority has been given to the bank to transfer money among the accounts when deficits are arisen in any accounts. The bank balance of University Common Fund as at 31.12.2010 was around 20 million. However, as shown in the Auditor's Report, during the year, deficit in each account is shown within a month only.

However, deficits are shown during several months in the recurrent account of Banka of Ceylon due to delay in receiving cheques from the Treasury and it has fully overcome as at 31t December. No deficit has been reported in the Common Fund of the University during any day of the year. However, we will be taking measures to overcome this situation in the year 2011.

b Personal Vehicles are used by Visiting Lectures used for academic activities of the University to come to University. They have expressed in writing that they have used private vehicles and it has been confirmed by Heads of Departments and Dean s of Faculties. Accordingly, traveling is reimbursed. It difficult to implements any other process other than this due to setting up of Faculties and Department in different geographical locations.

3.2.4 Idle & unutilized Assets

a In the year 2011 steps have been taken to activate bank accounts which are inactivated.

b. In the year 2011 arrangements have been made to dispose the unused assets which are removed from the fix assets register following circulars and tender procedures

c. Steps have been taken to remove the old time attendance machines with the purchase of due finger print machines

3.5 Damages and Losses

In the year 2010, financial difficulties were faced at the time of releasing recurrent fund from Treasury. Treasury released money only to pay net salaries of employees and as the salary to be paid on due dates, Employee Trust Fund cheques were delayed. Delay for Employees Trust Fund contribution for 15 Days, they have imposed a surcharge of Rs 14,064/= .This has been explained to University and obtained the necessary approval to settle the surcharge. And it has now been paid. This situation has now been resolved fully.

3.2.6 Human Resource management

During the year 2011, University has taken action to fill the vacancies. However, it has faced difficulty in filing posts of Senior Professors and Professors .For that, Services of Senior Professors and professor of other Universities who are on sabbatical leave were obtained.

2 System and Controls

a,b,c Accounts, Stores and Fixed Assets Systems and Controls

The Finance Committee, Audit and Management Committee and Supply Committee have been appointed for Management. Finance Committee and Supply Committee meet monthly .Audit and Management Committee will meet in once in every two months.

Prof. K.A. Nandasena

Vice –Chancellor