

## **UNIVERSITY GRANTS COMMISSION**

### **Introduction**

The University Grants Commission (UGC) which functions as the apex body of the 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 are; planning and coordination of university education, allocation of funds to Higher Educational Institutions (HEIs), maintenance of academic standards, regulation of the administration of HEIs and regulation of admission of students to HEIs.

### **Vision of the UGC**

To be an excellent regulatory body which guide, develop and sustain a network of 'centres of excellence' in higher education meeting the national needs and aspirations in keeping with global trends.

### **Mission of the UGC**

To establish, guide, develop and sustain through resource allocation and good governance and Management, a widely acclaimed and accessible higher education system that is accountable to the public and dedicated to become the highest levels of learning, research and innovation relevant to the needs of the country by fostering and / or facilitating in partnership with other stakeholders of higher education, the diversity, maintenance of standards and quality and the relevance of academic study programmes to national and global needs, and providing guidance to higher education system to become a network of 'centres of excellence' in teaching, research, innovation and services of global standing.

## **Executive Summary**

The University Grants Commission (UGC) came into existence in 1978 and became the apex body of the University System in Sri Lanka under the Universities Act No.16 of 1978. UGC has the responsibility for planning and coordination of university education, allocation of funds to Universities /Higher Educational Institutions (HEIs), maintenance of academic standards, regulation of the administration of HEIs, regulation of admission of students to HEIs and assist in progress and development of all institutions coming under its purview.

This Annual Report reviews the activities carried out by the UGC during the year 2012. Key highlights and achievements during the year 2012 encapsulates the areas of Admission of Students to Universities, Academic Excellence, Student Affairs, Staff Development, Industrial Disputes, Infrastructure Development, Information Technology (IT) Development, Quality Assurance, Financial Administration and Management.

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

Since there were two groups of candidates who sat for G.C.E.(A/L) Examination held in 2011 namely under old syllabus and new syllabus, the UGC in consultation with the Department of Examinations appointed an Expert Committee which recommended and advised to merge two groups of students in order to calculate Z -scores and prepare the merit order to rank them according to the order of merit.

However, once the results were out, this decision was challenged before the Supreme Court, and UGC was directed to comply with Section 15 (vii) of the Universities Act by considering Old and New Syllabi as two distinct populations and re – issue the Z-scores to all candidates. However, since the method to be used to prepare the list according to the order of merit to select students to universities was not specifically mentioned in the Judgment, a Committee consisting of experts was appointed by His Excellency the President to propose a method to rank the students. The Committee recommended to amalgamate the two sets of Z-scores calculated considering Old and New Syllabi as two distinct populations and arrange them in descending order to have one set of Z-scores.

Nevertheless, the 2<sup>nd</sup> merit list was also challenged by filing eight petitions. The Supreme Court also was of the view that merit list for selection of students for universities should be made, taking the two groups of candidates as two distinct populations and granted permission for the parties to arrive at a suitable solution in consultation with the Hon. Attorney General.

In order to resolve the matter, the UGC prepared and proposed four alternatives, of which third method was adopted by the Supreme Court, under which the ratio of the students to be selected was made based on maximum ratio of first timers and repeaters admitted to universities during the last five years for each course of study from each district. By adopting this method the UGC expected to select 5,609 students in addition to the proposed intake of 21,500 for the year.

Also, the Supreme Court ordered the UGC to continue practical / aptitude tests in respect of courses of study for which courses passing practical / aptitude test was a requirement earlier. However, until 31.12.2012, results of those tests had not been received by the UGC and therefore admission of students for the Academic Year 2011/2012 was not finalized as at end of the year.

A total of 141,411 candidates were eligible to apply for university admission for the Academic Year 2011/2012 based on results of the 2011 G.C.E. (A/L) Examination.

### **Graduate output**

In 2012, total graduate output was 8,847, of which the majority i.e 37.5% was from the Arts stream. Total postgraduate output in 2012 was 7,887.

### **Academic Development and Maintenance of Academic Standards**

During the period under review, Bachelor of Special Needs Education Undergraduate Degree programme, was introduced into the system compared to 05 programmes introduced last year. Also 06 new postgraduate degree programmes were approved in order to enhance opportunities for higher/further education, by following a proper screening and review mechanism compared to 23 programmes approved during the previous year.

Standing Committee on Teaching of English has taken initiatives to improve English Language proficiency among university students. In addition to that, UGC with the assistance of Ministry of Higher Education has taken step to introduce special degree programmes in Translation tri-language and ICT in the Faculties of Arts.

Some workshops were arranged by Standing Committees of the UGC with the view of providing training to career guidance counselors, developing soft skills of university students, improving the quality of various undergraduate programmes during the year under review.

Apart from above, several other workshops were conducted by UGC with the assistance of HETC project and other government and non government organizations such as Petroleum Resource Development Secretariat and John Keels Company etc on matters of national importance.

Selected degree programmes offered by 04 Higher Educational Institutions were recommended by the UGC to the Hon. Minister of Higher Education during the year for granting degree awarding status.

### **Student Affairs**

With the expectation of urging students to cooperate and contribute towards making it possible for the state universities to play their mandatory role and contribute to preserve and sustain the core values and principles of the institution, a University Student Charter was prepared and introduced by the Commission in 2012.

While total number of Mahapola recipients stood at 33,089, there were also 23,446 bursary recipients and 35 Endowed Scholarship recipients during the year. As a percentage there is a 30% increase in the number of bursary holders compared to previous year while corresponding increase in the number of Mahapola recipients is only 2.5%.

### **Staff Development**

In 2012, a total of 751 new cadre posts were approved by the Treasury, with which the total approved cadre of the University system increased to 21,043. Out of 751 new cadre posts approved, 294 posts were for academic cadres.

During the year under review, the UGC allocated and released approximately Rs. 65 million in order to facilitate operational activities of Staff Development Centres (SDCs) in Universities and to design new staff development programmes. Also, in keeping with the UGC policy, with a broad goal of attaining excellence in academic governance and delivery, financial assistance amounting to Rs. 7.046 Mn were granted by way of air passage for academic staff in Universities/HEIs to proceed abroad to obtain postgraduate qualifications. In addition, Rs. 5.62 Mn worth of grants were given to academics under local research grants scheme to obtain Postgraduate qualifications.

### **Industrial Disputes over the salary anomalies**

During the year under review, there were industrial actions by both Federation of University Teachers Associations (FUTA) and Trade Unions of Non Academic Staff.

The industrial action of Federation of University Teachers' Associations (FUTA) was continued for almost four months, claiming that the Government failed to keep its promises and neglected the demands put forward by them.

Trade Union actions of Non Academics too were continued for almost a month and their main objectives behind the strike were on allowances / salary anomalies.

### **Infrastructure Development**

After various restrictions imposed by the Treasury, the universities and HEIs were able to receive only about Rs. 5,504 Mn by the end of the year compared to Rs. 4,290 Mn in 2011, which was mainly allocated for new construction & continuation projects, rehabilitation projects, acquisitions, infrastructure development projects in newly established universities and capacity building of students in 2012. During the year, the Commission approved 22 new construction projects, after careful scrutiny and evaluation. There were 11 projects physically commenced in 2012 and 44 construction projects in progress at different levels in the design and construction process within the university system amounting to Rs. 13,672.4 Mn, while 13 projects (compared to 12 projects last year) which bear a total Estimated Cost of Rs. 2,778.3 Mn were completed and handed over to the university system.

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

In the year 2012, there have been an investment of Rs 8 million (approx) for Information and Communication Technology developments in libraries of the university system. Also, Rs 50 Mn (approx) in comparison to Rs. 15 Mn in the previous year was allocated for the improvement and strengthening of IT facilities in the university system.

Apart from above, with the refurbishment of the Board Room, existing IT/ video conferencing facilities of the UGC Secretariat was upgraded to meet the international standards in order to enhance the efficiency of communication between UGC and universities.

### **Quality Assurance Accreditation**

During the year under review, 10 Institutional Reviews, 07 Subject / Programme Reviews and 01 Library Review plus desk evaluations of 99 Degree Programmes were conducted (compared to 6, 13, 1 and 47 respectively during the previous year) under the External Quality Assessment Programme of the QAA Council. During 2012, 274 Workshops were also conducted at national and university/faculty level to improve the quality of Higher Educational Institutions.

While a manual for Internal Quality Assurance was prepared with the view of strengthening Internal Quality Assurance activities in universities, 3 workshops have been conducted under accreditation programme to initiate the accreditation process and the preparation of the accreditation manual to assist in accrediting all higher educational institutions (public & private) and programmes in the country.

As an important landmark of quality assurance sector in higher education, the web based monitoring and evaluation system for external quality assessment too was developed during 2012.

### **Financial Administration and Management**

As estimated by the University Grants Commission a total of Rs.28,363 Mn was requested for the year 2012 and the Treasury had initially approved Rs.20,283 Mn for both Recurrent and Capital expenditure.

During the year a supplementary allocation of Rs 215 Mn was approved to finance the increased security service cost. Compared to previous year, in 2012 allocation for recurrent grant has increased by 12%, where as capital expenditure has decreased by 19% due to various restrictions imposed by the Treasury relating to the infrastructure development of the university system.

The Audit Action & Monitoring Committee of the UGC met on 29 occasions during 2012 to examine the matters pertaining to universities and HEIs to assist in improving financial management through good governance and management practices introduced by the Treasury.

During the year under review, 25 Commission Circulars and 16 Establishment Circulars were 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 the forthcoming years.

## 1. UGC MANAGEMENT

Chairman, Vice-Chairman and Members of the Commission are as follows;

### Chairman

**Prof S V D G Samaranayake**

BA(Peradeniya)SL, MA(Pdn)SL, Ph.D.(St Andrews – Scotland)  
Senior Professor of Political Science

### Vice-Chairman

**Prof Ranjith Senaratne**

B.Sc, MPhil, PhD(Vienna), PhD h.c.(Durham)  
Senior Professor of Crop Science

### Members

**Prof H Abeygunawardena**

B.Sc (Peradeniya) SL, MSc & PhD (Illinois, USA)

Senior Professor in Farm Animal Production & Health, University of Peradeniya

**Prof S Mohanadas**

BSc(Hons) - Colombo, Ph.D(Adelaide), F.I.Chem, C.Chem.  
Retd.Vice-Chancellor, University of Jaffna

**Prof Malkanthi Chandrasekera**

BDS (Cey), PhD (Newcastle UK)

Senior Professor of Anatomy, BDS (Cey), PhD(Newcastle UK)

**Mr Vijaya Malalasekara**

MA(Cantab), Barrister at Law(Inner Temple) Attorney at Law

**Prof Sampath Amaratunga**

BA Economics (Special)(SJP), MA Economics(Colombo), MSc Economics of  
Rural Development(Saga), PhD(Kagoshima)

Professor in Business Economics, University of Sri Jayawardenapura

### Representative of the Treasury

**Mr P A Abeysekera SLAS-Class I,**

BA(Cey.)(Peradeniya), Certificate-Public Administration (SLIDA)

Dip. In Rural Development –NIRD(India)

Deputy Secretary to the Treasury, Ministry of Finance & Planning

### Secretary

**Mr K G T L Nandasena**

B.Com(Special) - Vidyodaya, MBA(SJP)

## 2. UNIVERSITY MANAGEMENT

### 2.1 University of Colombo

#### Chancellor

His Grace the Arch Bishop Most Rev. Oswald Gomis

**Vice-Chancellor**  
Prof Kshanika Hirimburegama

**Registrar**  
Mr T L R Silva (Acting)

## 2.2 University of Peradeniya

**Chancellor**  
Dr Premadasa Udagama (up to 22.02.2012)  
Prof P W Epasinghe (from 23.02.2012)

**Vice-Chancellor**  
Prof S B S Abayakoon (up to 31.07.2012)  
Prof A Senaratne (from 01.08.2012)

**Deputy Vice-Chancellor**  
Prof V S Weerasinghe (up to 30.11.2012)  
Prof H M S K Hennayake (from 01.12.2012)

**Registrar**  
Mr U D Dodanwela (Acting) (up to 14.06.2012)  
Dr M N Jayawardena (from 15.06.2012)

## 2.3 University of Kelaniya

**Chancellor**  
The Most Ven. Welamitiyawwe Dharmakirthi Sri Kusaladhamma Thero

**Vice-Chancellor**  
Prof Sarath Amunugama

**Registrar**  
Mr W M Karunaratne

## 2.4 University of Sri Jaywardenepura

**Chancellor**  
Ven. Prof Bellanwila Wimalarathana Thero

**Vice-Chancellor**  
Dr N L A Karunaratne

**Registrar**  
Mr Jayalath Muttettuwegedara (up to 14.02.2012)  
Mr K G Britto (from 15.02.2012)

## 2.5 University of Moratuwa

**Chancellor**  
Deshamanya Dr S Roland Silva

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

**Deputy Vice-Chancellor**

Prof N D Gunawardena (up to 04.01.2012)

Prof R A Attalage (from 05.01.2012)

**Registrar**

Mr A L Joufer Sadique

**2.6 University of Jaffna****Chancellor**

Prof M Sivasuriya

**Vice-Chancellor**

Prof (Mrs) Vasanthi Arasaratnam

**Registrar**

Mr V Kandeepan

**2.7 University of Ruhuna****Chancellor**Most Venerable Rajakeeya Panditha Pallaththara Sumanajothi Nayaka Thero  
(from 04.01.2012)**Vice-Chancellor**

Prof A L S Mendis

**Deputy Vice-Chancellor**

Prof S G J N Senanayake

**Registrar**

Ms P S Kalugama

**2.8 Open University of Sri Lanka****Chancellor**

Mr Sam S Wijesinha

**Vice-Chancellor**

Prof Upali Vidanapathirana (upto 16.06.2012)

Dr Vijitha Nanayakkara (from 17.06.2012)

**Deputy Vice-Chancellor**

Dr J Liyanagama

**Registrar**

Ms W L Vindya Jayasena

**2.9 Eastern University, Sri Lanka****Chancellor**

Prof Yoga Rasanayagam

**Vice-Chancellor**

Dr K Premakumar (Acting) (upto 12.02.2012)

Dr K Kobindarajah (from 13.02.2012)

**Registrar**

Mr K Mahesan

**2.10 South Eastern University of Sri Lanka****Chancellor**

Prof Achi M Ishaq

**Vice-Chancellor**

Dr S M M Ismail

**Registrar**

Mr H A Saththar

**2.11 Rajarata University of Sri Lanka****Chancellor**

Prof A V Suraweera

**Vice-Chancellor**

Prof K A Nandasena (upto 12.10.2012)

Prof K A Nandasena (Acting)(from 12.10.2012 to 14.12.2012)

Prof K H Ranjith Wijayawardane (from 15.12.2012)

**Registrar**

Mr A G Karunaratne

**2.12 Sabaragamuwa University of Sri Lanka****Chancellor**

Ven Prof Kamburugamuwe Vajira Thero

**Vice-Chancellor**

Prof M S Rupasinghe

**Registrar**

Mr K M Nawaratne Banda(Acting) (upto 29.02.2012)

Mr MM Wimalasiri (from 01.03.2012)

**2.13 Wayamba University of Sri Lanka****Chancellor**

Prof Lakshman Jayathilake

**Vice-Chancellor**

Prof A N F Perera

**Registrar**

Mr E M G Ekanayake

## **2.14 Uva-Wellassa University of Sri Lanka**

### **Chancellor**

Ven Dr Aluthwewa Soratha Thero

### **Vice-Chancellor**

Prof W P R P De Silva

### **Registrar**

Mr R V S P Rajapakse (Acting)(upto 14.02.2012)

Ms Nilmini Diyabedanage (from 15.02.2012)

## **2.15 The University of the Visual and Performing Arts**

### **Chancellor**

Pandit Dr W D Amaradeva

### **Vice-Chancellor**

Prof Jayasena Kottegoda

### **Registrar**

Mr Sedare Hettige (Acting)

## **3 INSTITUTES**

### **3.1 Postgraduate Institute of Agriculture**

#### **Director**

Prof Colin N Peiris

### **3.2 Postgraduate Institute of Pali & Buddhist Studies**

#### **Director**

Prof Sumanapala Galmangoda

### **3.3 Institute of Indigenous Medicine**

#### **Director**

Dr R A Jayasinghe (Acting) (up to 15.04.2012)

Mr Sunimal Senaratne (from 16.04.2012)

### **3.4 Institute of Human Resource Advancement**

#### **Director**

Dr W K Hirimburegama (up to 13.05.2012)

Dr Rohan P Perera (from 14.05.2012)

### **3.5 Postgraduate Institute of Medicine**

#### **Director**

Prof Jayantha Jayawardena

- 3.6 Postgraduate Institute of Archaeology**
- Director**  
Prof Jagath Weerasinghe
- 3.7 Postgraduate Institute of Management**
- Director**  
Dr Uditha P Liyanage
- 3.8 University of Colombo School of Computing**
- Director**  
Prof G N Wickramanayake
- 3.9 Gampaha Wickramarachchi Ayurveda Institute**
- Director**  
Prof (Mrs) J A Liyanage
- 3.10 Postgraduate Institute of Science**
- Director**  
Prof B S B Karunaratne
- 3.11 National Institute of Library and Information Sciences**
- Director**  
Mr M S U Amarasiri
- 3.12 Institute of Technology University of Moratuwa**
- Director**  
Dr T A G Gunasekera
- 3.13 Institute of Biochemistry, Molecular Biology & Biotechnology**
- Director**  
Prof K H Tennakoon
- 3.14 Swamy Vipulananda Institute of Aesthetic Studies**
- Director**  
Mrs B Rajeswaran (Acting)(upto 16.04.2012)  
Dr K Premakumar (from 17.04.2012)
- 3.15 Postgraduate Institute of English**
- Director**  
Dr (Mrs) H V M Ratwatte (Acting) (upto 29.02.2012)  
Dr (Mrs) H V M Ratwatte (from 01.03.2012)

### **3.16 National Centre for Advanced Studies in Humanities and Social Sciences**

**Director**

Dr R M K Ratnayake (Acting)

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

**Director**

Dr Nishantha Perera (upto December 2012)(Acting)

## **4. ADMISSION OF STUDENTS TO UNIVERSITIES**

There were two groups of candidates who sat the G.C.E. (A/L) Examination held in 2011 namely under old syllabus and new syllabus. Hence the UGC in consultation with the Department of Examinations decided to appoint a Committee of Experts to advise the UGC as to how the results of the Examination i.e. old syllabus and new syllabus could be amalgamated for the purpose of selection of students to Universities.

Based on the recommendation of the said Expert Committee, the Commissioner General of Examinations was advised to calculate the Z-scores and prepare the merit order to rank them according to the order of merit, by merging the two groups of students.

Once the results were released, the decision of the UGC was challenged before the Supreme Court SC(FR) Application No.29/2012 by the Ceylon Teachers' Union and 16 candidates who sat for the G.C.E. (A/L) Examination in 2011. The judgement of the above case was pronounced on 25.06.2012 directing the UGC to comply with Section 15(vii) of the Universities Act No. 16 of 1978 as amended and to take necessary and relevant steps to calculate the Z-scores of the candidates who sat for the Advanced Level Examination, 2011 according to accepted statistical norms and principles on the basis that the Old and New Syllabi are two distinct populations. The UGC was also directed to take necessary steps according to law to re-issue the Z-scores to all candidates who sat for the Advanced Level Examination, 2011 after correcting the aforementioned errors and shortcomings without an unnecessary delay.

The method to be used when preparing the list according to the order of merit to select students to Universities for Academic Year 2011/2012 was not specifically mentioned in the Judgment, His Excellency the President decided to appoint a Committee consisting of experts to propose a suitable method to rank the students of the two groups i.e. old and new syllabi for the purpose of selecting them to Universities.

The said Committee recommended to amalgamate the two sets of Z-scores calculated, as directed by the Supreme Court on the basis that candidates who sat the Examination under old syllabus and new syllabus as two distinct populations and amalgamate and arrange such two sets of Z-scores in descending order to have one set of Z-scores of the G.C.E. (A/L) Examination in 2011 for the purpose of selecting students to Universities. The Commissioner General of Examinations was advised to calculate and issue the Z-scores and the District and Island ranks accordingly.

The method of preparation of the 2<sup>nd</sup> merit list also was challenged by filing eight (08) cases, namely; SC(FR) Application No.560/2012, 459/2012, 462/2012, 445/2012,

441/2012, 418/2012, 466/2012 and 480/2012. The contention of the Lawyers represented the petitioners in these cases was that the results of the two examinations held for the old and the new syllabi cannot be considered as a single evaluation to determine the competency of candidates since the relative difficulty levels of these two examinations are different.

Since the Supreme Court was also of the view that the preparation of the merit list for selection of students for Universities should be made taking the two groups of candidates as two distinct populations, the Supreme Court granted permission for the parties to these cases to arrive at a suitable solution in consultation with the Hon. Attorney General.

In order to resolve the matter, the UGC prepared four alternative methods. Out of the four methods proposed by the UGC, all parties as well as the Supreme Court agreed to adopt the third method under which the ratio of the students to be selected was made based on the maximum ratio (peak) of first timers and repeaters admitted to universities during the last five years for each Course of study from each district. By adopting this method, the UGC was expected to select 5609 students in addition to the proposed intake of 21,500 for the year.

The Supreme Court also decided that the previous rankings issued on 22.07.2012 be nullified and two cut-off-points for each course of study for each district under new and old syllabi be issued with regard to selection of students.

It was also decided to assign students selected to universities under 10% merit in terms of Section 11 of the Admissions Handbook valid for the academic year 2011/2012, and to assign the remaining 30% of the merit quota based on the ratio of the balance numbers between the first timers and repeaters under Formula III (3<sup>rd</sup> method) referred to above for selection after assigning the aforesaid initial 10%. In addition to this 60% of places selected under the District Quota to be filled based on the ratio of balance numbers between the first timers and repeaters after assigning the top 40% (10% + 30%) selected under merit quota.

Further, the Supreme Court ordered the University Grants Commission to continue Practical tests/ Aptitude tests for the courses of study for which passing the Practical tests / Aptitude tests was a requirement earlier.

Accordingly, the University Grants commission directed all Universities to conduct Practical tests / Aptitude tests in respect of such courses of study, as required. Since the results of the said Practical tests / Aptitude tests had not been received by the University Grants Commission until 31.12.2012 the selection of students for the Academic Year 2011/2012 was not finalized as at the end of the year.

A total of 141,411 candidates were eligible to apply for university admission for the Academic Year 2011/2012.

## 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 respective areas. Accordingly, fifteen (15) Standing Committees and one (1) other Committee were functioning in the University Grants Commission for various disciplines during the year 2012. Number of meetings held under each Standing Committee is given below;

Name of the Standing Committee	Number of meetings held in 2012
1. Agriculture, Veterinary Medicine & Animal Sciences	05
2. Libraries and Information Sciences	04
3. Teaching of English	06
4. Career Guidance and Student Welfare in Universities	06
5. Sciences	06
6. Postgraduate Studies and Research	04
7. Humanities, Social Sciences & Education	02
8. Management Studies	06
9. Engineering and Architecture	06
10. Medical & Dental Sciences	05
11. Information Technology Development	06
12. Quality Assurance & Accreditation	05
13. Indigenous Medicine	06
14. External Degrees	02
15. Staff Development in Universities	03
<b>Other Committees</b>	
Committee to study Applications for Recognition of Qualifications / Degree Awarding Institutions.	04

### 5.2 Commencement/Restructuring of Undergraduate Degree Programmes

The Commission having considered the proposals made by various Faculties/Universities approved the following undergraduate degree programme during the period under review;

- Bachelor of Special Needs Education Degree programme, Open University of Sri Lanka

### 5.3 Postgraduate Degree Programmes

UGC following a proper screening and review mechanism in approving Postgraduate Programmes has approved the following 06 postgraduate degree programmes during the year 2012.

1. M.Sc./Postgraduate Diploma programme in Crop Production Technology, University of Ruhuna
2. Master of Science/ Postgraduate Diploma in Polymer Technology, University of Moratuwa
3. Master of Science/ Postgraduate Diploma in Interior Design, University of Moratuwa
4. Postgraduate Degree Programme / MSc in Regenerative Medicine, University of Colombo
5. Master of Arts Degree in Sinhala, University of Colombo
6. Master of Business Accounting, Master of Business Finance, University of Kelaniya

Apart from above, UGC has given approval for the changes made in the Postgraduate Degree programmes in Management (MBA/MPM/M.Sc.) of University of Sri Jayewardenepura.

#### **5.4 New Faculties established**

As University Grants Commission has identified the dire need of establishing Engineering Faculties in the North and Eastern provinces of the country and in order to fulfill the National interests, approved the establishment of following new Faculties with the view of expanding academic activities in the respective areas of study.

- University of Jaffna

Establishment of Faculty of Engineering with the following four Departments at Killinochchi

1. Department of Civil Engineering
2. Department of Electrical and Electronics Engineering
3. Department of Computer Engineering
4. Department of Inter-disciplinary Studies

- South Eastern University of Sri Lanka

Establishment of Faculty of Engineering with following five Departments

1. Department of Civil Engineering
2. Department of Computer Science and Engineering
3. Department of Mechanical Engineering
4. Department of Electrical and Telecommunication Engineering
5. Department of Interdisciplinary studies

#### **5.5 New Departments established**

The University Grants Commission approved the establishment of following new Department after considering the recommendations of the respective Standing Committee and after considering the pre-requisites for such an

establishment with the view of expanding academic activities in the respective areas of study;

- University of Jaffna

Department of Commerce, Faculty of Management Studies and Commerce

## 5.6 (1) Recognition of Foreign Universities

During the year under review, the Department of Academic Affairs of the UGC handled over 150 requests per month made for recognition of foreign universities by Sri Lankan students from where they have obtained academic distinctions.

## (2) Review of Non-State Degree awarding Institutes

Section 25A of the Universities Act No. 16 of 1978, provides the Minister to recognize any Institution as a Degree Awarding Institute for the purpose of developing higher education.

Following Degrees were recommended by the UGC to Hon. Minister of Higher Education to grant degree awarding status after conducting institutional reviews and programme reviews pertaining to each degree programme during the year 2012:

Name of the Institute	Name of the Degree
<p><b>Sri Lanka Institute of Information Technology</b></p>	<p>Bachelor of Science of Engineering in Electrical and Electronic Engineering</p> <p>Bachelor of Science of Engineering in Mechanical Engineering</p> <p>Bachelor of Science of Engineering in Civil Engineering</p> <p>Bachelor of Science of Engineering in Materials Engineering</p>
<p><b>Institute of Chartered Accountants of Sri Lanka</b></p>	<p>Bachelor of Science (Applied Accounting)</p>
<p><b>National Institute of Business Management (NIBM),</b></p>	<p>Postgraduate Diploma in Business Management</p> <p>Postgraduate Diploma in Computer Network</p> <p>Postgraduate Diploma in Human Resource Management</p> <p>Postgraduate diploma in Industrial</p>

	Management Postgraduate Diploma in Project Management Postgraduate Diploma in Software Engineering
<b>Sri Lanka International Buddhist Academy</b>	Bachelor of Arts special degree in Buddhist Leadership

Further, the University Grants Commission at its 854<sup>th</sup> meeting held on 26<sup>th</sup> July 2012 decided to recommend to the Hon. Minister of Higher Education to grant degree awarding status to National School of Business Management (NSBM), the degree awarding school of National Institute of Business Management (NIBM), to offer degree programmes, revoking the degree awarding status granted to NIBM.

## 5.7 Developing Language Skills, IT and Soft Skills

Since there is a huge market demand for graduates with high competency in Language Skills, IT and Soft Skills, it is vital to develop those skills during their undergraduate period.

Accordingly, from year 2011 a Leadership Training programme and a Pre Orientation Programme for new entrants to universities is conducted by the Ministry of Higher Education. In addition, there are another two programmes conducted by the Ministry of Higher Education namely, Talent Development of students (Kavitha programme) and Development of sports skills programme for undergraduates with the intention to develop students' talent competencies and sports skills.

### a) Language Skills

During the year under review there have been several discussions on strengthening the English language skills of university students by the Standing Committee on Teaching of English . Strengthening all English Language Teaching Units in the university system was one of the major activities taken place in this regard.

With a view to improving language proficiency of students steps have also been taken to introduce English as a subject in the degree programmes wherever possible. Bilingual teaching and teaching at least a few course units of the Sinhala / Tamil medium courses in English too were introduced by universities.

In addition, UGC, Ministry of Higher Education, and Department of Official Languages conducted several discussions with the Coordinators of academic programmes in translation and decided to design guidelines for a Model

Curriculum for a BA Degree in Translation with a strong component in professional training for university students.

**b) IT Skills**

An important step has been taken to prepare guidelines for developing a common curriculum for IT to be taught as a core subject in all degree courses, by the relevant Standing Committees.

A model curriculum for ICT specialization in BA special degree programmes has been developed, while providing relevant training to all Deans and academic community in the Faculties of Arts. Universities are expected to introduce this programme in 2014.

**c) Soft Skills & Practical Training**

The Career Guidance Standing Committee with collaboration of John Keels Social Responsibility Project conducted a workshop in the University of Peradeniya on improving soft skills among students. Further it was decided to conduct this programme in other universities as well.

Importance of providing training opportunities for university students in public / private sector has been identified as a priority area. Most of the universities have accordingly included a practical training component in the curriculum in the disciplines such as Management and IT in addition to Medicine and Engineering. Feasibility of introducing practical training into the disciplines such as Humanities and Social Sciences and Sciences is being explored by the respective Standing Committees set up by the Commission.

**5.8 Workshops conducted**

- **Two- day Workshop on Training Career Guidance Counselors/ Academic Career Guidance for Career Guidance Counselors/ Academic Career Guidance Advisors**

In order to Strengthen and streamline Training component of Career Guidance units which was introduced by the Commission Circular No 934, the Standing Committee on Career Guidance initiated a Two- day Workshop in collaboration with Higher Education for 21<sup>st</sup> Century Project (HETC) and EDEX career Services for Training Career Guidance Counselors/ Academic Career Guidance Advisors on 4<sup>th</sup> and 5<sup>th</sup> December 2012 at Hotel Janaki, Colombo and was successfully concluded with full participation.

- **Three day workshop on Development of Soft skills for Students organized by the Standing Committee on Career Guidance in collaboration with John Keels Social Responsibility Project**

The Career Guidance Standing Committee identified the need of improving soft skills among students and with the collaboration of John Keels Social Responsibility Project; a three day workshop on Development of Soft skills was conducted at University of Peradeniya. It was attended by eminent

resource persons and with the participation of five hundred students from all Faculties.

- **Mini Launch of the Report of the Global Commission on Education of Health Professionals for the 21<sup>st</sup> Century**

The Standing Committee on Medical and Dental Sciences initiated the Mini Launch of the Report of the Global Commission on Education of Health Professionals for the 21<sup>st</sup> Century on 8<sup>th</sup> June 2012 at Hector Kobbekaduwa Agrarian Research and Training Institute. The intention behind this Mini Launch was to make aware the health professionals regarding the findings and the recommendations in the report pertaining to reform for a second century of health professions education around the world.

This was organized in collaboration with inter academic medical panel and National Academy of Sciences of Sri Lanka.

- **Discussion on preparing a Common examination format for Psychiatry for the MBBS Examination – Psychiatry Group**

As per the initiative made at the Standing Committee on Medical and Dental Sciences, a discussion was held on 13<sup>th</sup> September 2012 at the University Grants Commission, in order to prepare Single Best Answer (SBA) type MCQs for the discipline of Psychiatry in the Common MCQ Examination for final MBBS.

- **Workshop on Revision of Indigenous Medicine Curricular**

In order to review the existing Indigenous Medicine Curricular and to arrive at “Core Curricular for preparation of Common MCQ paper Ayurveda/Siddha/Unani Medicine sections” a workshop was conducted on 28<sup>th</sup> August 2012 at Hotel Janaki, Colombo.

- **Residential workshop on improving the quality of Ayurveda / Unani / Siddha Medicine Programmes in Universities**

A workshop was jointly organized with the collaboration of HETC project, Standing Committee on Indigenous Medicine and QAA Council of the UGC on 15<sup>th</sup>-16<sup>th</sup> October, 2012 at Hotel Palm Village, Usvatakeiyawa.

- **Recreating and re-positioning of Sri Lankan Universities to meet emerging needs and challenges in a globalized environment**

A workshop with funding from the HETC was conducted by the UGC on 18-19 June, 2012 at the Sands Beach Hotel at Wadduwa on “Recreating and re-positioning of Sri Lankan Universities to meet emerging needs and challenges in a globalized environment”. The event was participated by 80 representing academic members, government officers, private sector and foreign resource persons. The objective of the workshop was to grasp emerging opportunities in higher education and deal with the challenges of a fiercely competitive globalized environment.

The Proceedings of the workshop were published and recommendations were submitted to His Excellency the President and the Hon. Minister of Higher Education for implementation.

### **5.9 Establishment of Conservation and Preservation Units in Sri Lanka University Libraries**

The Commission approved the proposal for establishment of preservation and conservation units in University libraries. Initially in year 2012, Rs. One million was allocated for each of the 04 libraries of the University of Colombo, University of Peradeniya, University of Jaffna and Eastern University.

### **5.10 Introduction of a module on Information Literacy to the Staff Development Programme for junior academics**

The Commission approved the proposal to incorporate a module on Information Literacy into the ongoing Staff Development programme for University Academics and offer it in collaboration with Staff Development Centers and Senior Staff members of Libraries.

### **5.11 Provision for re-scrutinization of marks and grades of undergraduates**

As decided by University Grants Commission at its 838<sup>th</sup> meeting held on 17<sup>th</sup> November 2011 decided to request the universities and Higher Educational Institutes (HEIs) were requested to amend the existing examination by-laws to grant provision for undergraduate students to request verification of their examination marks and grades, if they wish to do so. Accordingly, all universities shall revise existing Examination by laws/ Guidelines as per the policy Guidelines and procedures prescribed therein and submit to the respective Senates and Councils for approval.

### **5.12 Classification of Computer Degrees to align with International Standards**

Circular instructions were issued to universities to align their Computer Degree Programs with ACM/IEEE guidelines by complying with international standards within a period of one year and advised Universities to follow international standards when designing a new degree programme in Computing.

### **5.13 Graduate / Postgraduate Output**

#### **Graduate Output**

In 2012 total graduate output was 9352. Out of the total graduate output majority has passed out in the arts stream which is about 37.5%. Breakdown of the total graduate output for the year 2012 is as follows:

**Graduate output for 2010 – 2012<sup>(1)</sup>**

<b>Academic stream</b>	<b>2010</b>	<b>2011</b>	<b>2012<sup>(2)</sup></b>
Arts	4,432	6,882	3116
Management & Commerce	2,704	2,849	1625
Law	392	348	445
Medicine	797	1,061	820
Dental Science	64	65	
Veterinary Science	60	58	54
Agriculture	540	595	515
Engineering	1,285	1,346	167
Architecture & Quantity Surveying	140	211	150
Science & IT	2,420	2,750	1627
Paramedical Science	-	340	191
Indigenous Medicine	208	181	137
<b>Total</b>	<b>13,042</b>	<b>16,686</b>	<b>8847</b>

**Notes:** (1) Excluding External Degree

(2) Number graduated has been decreased in 2012 as final exams have not been held in several faculties due to the academic and non academic strikes in 2012.

**Postgraduate Output**

In order to keep up with the high competition in the employment market there is a high tendency in students getting enrolled for postgraduate studies. Total postgraduate output in 2012 is 7,880. This is an increase of 2,649 compared to previous year.

**Post Graduate output for 2012**

<b>Academic stream</b>	<b>Post graduate Diplomas</b>	<b>Masters / MPhil</b>	<b>PhDs/ MDs</b>
Arts	4047	1219	21
Management & Commerce	293	1015	-
Law	-	2	-
Medicine & Dental Science	152	72	229
Veterinary Science & Agriculture	-	200	7
Engineering	18	110	2
Architecture & Quantity Surveying	2	3	2
Science & IT	144	329	8
Indigenous Medicine	12	-	-
<b>Total</b>	<b>4668</b>	<b>2950</b>	<b>269</b>
<b>Grand Total</b>	<b>7887</b>		

## 6. FINANCIAL ADMINISTRATION

In terms of section 15 (ii) of the Universities Act No. 16 of 1978 University Grants Commission prepared Budget estimates for the Universities and Higher Educational Institutions (HEIs) for 2012 in consultation with the Universities / HEIs.

Summary of the Estimated Budget and Approved Budget - 2012

Category /Object Title	Estimated Budget (Mn)	Approved Budget Rs. Mn	Approved %
Recurrent Grants	16,762	14,504	79.1%
Capital Grants	11,601	5,779	49.8%
<b>Total</b>	<b>28,363</b>	<b>20,283</b>	
Supplementary Allocation for Recurrent on Security Services	-	215	-
<b>Total Grants</b>	<b>28,363</b>	<b>20,498</b>	-
Internal Revenue	1,560	1,560	100%

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

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

Grant	Year 2011			Year 2012		
	Total Fund allocation Rs Mn	Total Fund released Rs Mn	Release/ Utilization ratio as a % of total allocation	Total Fund allocation Rs Mn	Total Fund released Rs Mn	Release/ Utilization ratio as a % of total allocation
<b>Recurrent Grants</b>	13,161.2	12,961.1	98%	14,719.0	14,611.0	99%
<b>Capital Grants</b>	7,100.0	4,278.7	60%	5,778.5	4,340.8	75%
<b>Total</b>	<b>20,261.2</b>	<b>17,239.8</b>	<b>85%</b>	<b>20,497.5</b>	<b>18,951.8</b>	<b>92%</b>

Compared to previous year, in 2012 allocation for recurrent grant has increased by 12%, however capital grants has decreased by 19% (from Rs 7,100Mn to Rs 5,778.5Mn).

As shown in the above table, utilization/release of capital grants in 2012 is 75% of the allocation of Rs 5,778.5Mn, which is a 15% increase compared to 2011. However, in terms of expenditure it is only a 1.5% increase from the previous year (2011 – Rs 4,278.7 Mn, 2012 – Rs 4,340.8 Mn).

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

Allocation of recurrent grants for the Universities and Undergraduate HEIs was based on following funding formulae;

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

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

- Increased Academic allowance in 2011
- Academic Research allowance introduced in 2011
- Annual Increments of Personal emoluments
- Increased salary and Cost of Living Allowance (COLA) implemented by the MSD Cir. No43 (BP 2011)
- Ratification of UPF & ETF contributions on COLA (Ref, Establishment Cir.No.14/2011)
- Inflation adjustment for the other recurrent (OR)

## 6.2 Funding Policy - Allocation of Capital Grants (CG)

### (a) Priority-based funding

Five criteria were considered for the allocation of CG according to the priority based funding policy.

- i. Ongoing Construction Projects
- ii. Projects approved under the Ten Year Medium Term Program
- iii. Faculty Load/Weight – Universities were weighted based on the relative cost per students of a subject discipline in order to compute Rehabilitation and Acquisition of Fixed Assets grants proposed to be allocated to each university.

**Proposed Relative Cost Factors** – Medicine – 5, Science – 3, Management- 1 Law – 1, Art-1, Education – 1, Engineering – 3, Veterinary Science – 4, Agriculture – 3, Paramedical – 2

- iv. Maximum and minimum capital grants ceilings were introduced for the three tiers as proposed below. SEUSL was considered for funding under the North- East tier since it was financed by the special Kuwait grants.

Tier		Universities	Maximum Ceiling -CG Per Student Rs.000	Minimum Ceiling -CG per University Rs.000
T-1	Established Universities	PDN,CBO,SJP, KLN, MRT, RUH	Rs.30 /-to Rs.40/-	

T-2	North and East Universities	UJA, EUSL	Rs.120/- to 130/-	Rs.200/- per University to ensure minimum allocation Rs.200/- for the small Universities
T-3	New Universities	RUSL, WUSL, SUSL, SEUSL, UVPA, UWU	Rs.100/- to Rs.113/-	

- v. Postgraduate Institutes and all other HEIs were funded based on needs and priority factors of HEIs as approved by the PEMC

**(b) Performance based Funding**

It was proposed to conduct two progress review meetings by 2<sup>nd</sup> Quarter (June 2012) and 4<sup>th</sup> Quarter (October 2012) to evaluate the performance of the utilization of capital grants. Accordingly additional funds were allocated / re-allocated among the Universities/HEIs based on their performance.

**(c) Knowledge Enhancement and Institutional Development program**

It was proposed to enhance the skills, talent and knowledge of university community and improve the institutional capacity in order to achieve overall objectives of the university education.

Accordingly following projects were proposed to implement under the *Knowledge Enhancement and Institutional Development* program as estimated by the UGC for the year 2012.

***Project -1: Development of Leadership Skills and Positive thinking of the Undergraduates***

Leadership project was coordinated by the MOHE with assistance of the Ministry of Defence in order to develop leadership skills and positive thinking of undergraduates. Accordingly theoretical and practical residential training programs were conducted for students selected for university education. Funds for this project were released by the UGC to the MOHE within the approved budget.

***Project -2 : Development of Sports Skills***

Development of Sports Skills project was coordinated by the Ministry of Higher Education with the assistance of Universities/HEIs in order to identify and improve or develop sports skills of undergraduate students.

***Project -3: Talents Development***

This project was coordinated by the MOHE with the assistance of universities in order to identify, develop and appreciation of special skills of undergraduate students. Accordingly workshops were conducted to produce publications/TV commercials and dramas and preliminary level of competitions were held throughout the year with a view to holding an inter-university talent festival (KAVITHA).

***Project -4: Entrepreneurship Development: Career Guidance***

This project was coordinated by the MOHE and UGC with the assistance of universities in order to identify, improve or develop entrepreneurship skills of undergraduate students. Accordingly it was proposed to introduce entrepreneurship programs in collaboration with professional organizations in Sri Lanka for 1500 undergraduates in Arts and Management. Further it was proposed to conduct career guidance programs for final year students.

***Project -5: 1000 Foreign Students Attraction Program***

This project was coordinated by the MOHE/UGC with the assistance of Universities in order to attract 1000 foreign students for selected six universities, it was proposed to conduct awareness programs in SAARC and other countries.

***Project -6: Academic Publications, International Symposia and Research***

Through Standing Committees of the UGC, funds were allocated to Universities and HEIs for Academic publications, International Symposia and Research projects based on project reports evaluated by the UGC.

***Project -7 : 30 PhDs and 200 Masters/Mphils***

This project was coordinated by the National Centre for Advanced Studies and Social Sciences and International Corporation Division of the UGC. Accordingly funds were allocated as follows;

Rs. 60 million for the NCAS

Rs. 20 million for the ICD of the UGC

***Project -8 : Staff Development***

This project was coordinated by the relevant Standing Committee of the UGC with the assistance of the Human Resources Department. Funds were allocated by the UGC to Universities/HEIs based on project reports evaluated and approved by the relevant Standing Committee.

***Project – 9 : Information Technology Development (IT)***

Information Technology Development grant was coordinated by the Information Technology Development Committee (ITDC) of the UGC and funds were allocated based on the proposals submitted by Universities / HEIs for development and improvement of IT based activities.

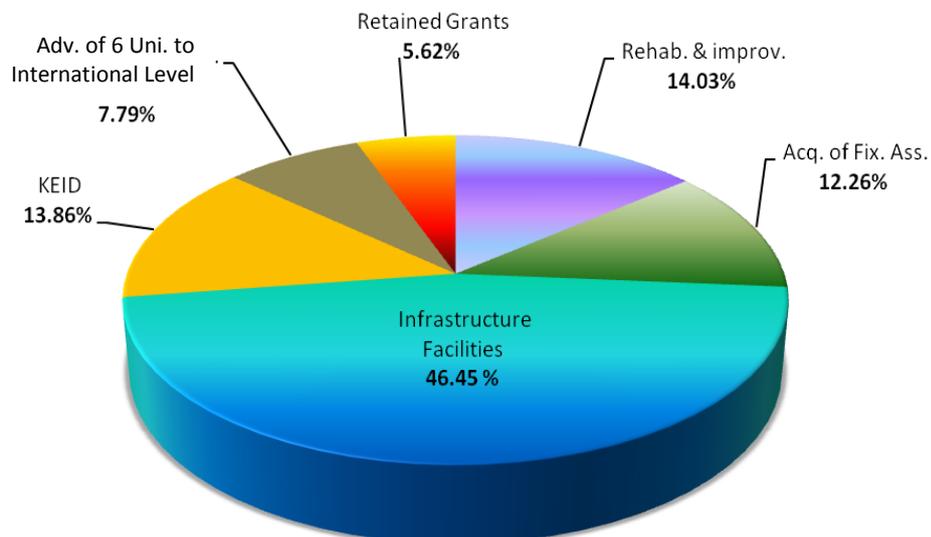
(d) **Advancement of Six Universities to International Level**

As recommended by the Project Evaluation and Monitoring Committee of the UGC, funds for the above program were allocated with annual expenditure ceilings based on the performance of the ongoing projects of the Universities.

**University Grants Commission, Universities & Higher Educational Institutions  
Financial Performance from 2008 to 2012**

		Rs. Mn				
		2008	2009	2010	2011	2012
<b>1. Government Allocation</b>						
	<b>Recurrent</b>	10,940	11,107	11,415	13,161	14,719
	<b>Capital</b>	4,929	4,520	3,500	7,100	5,779
<b>2. Expenditure</b>						
	<b>Recurrent</b>	9,901	10,227	10,962	12,961	14,591
	<b>Capital</b>	2,996	2,726	2,832	4,279	4,361
<b>3. Student Financial Assistance</b>						
	<b>Mahapola</b>	106	92	93	127	101
	<b>Bursary</b>	251	297	328	357	283
	<b>Tsunami &amp; Endowed Scholarships</b>	1	1	2	1	1

**Composition of Capital Allocation - 2012**



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## University Grants Commission, Universities &amp; Higher Educational Institutions

## Allocation of Recurrent/Capital Grants - Year 2010 to 2012 (Rs Million)

Universities/ Institutes	Capital Grants			Recurrent Grants		
	2010	2011	2012	2010	2011	2012
PDN	290	464	393	1,830	2,235	2,267
CBO	238	400	357	1,070	1,243	1,270
SJP	180	383	354	980	1,126	1,302
KLN	171	386	350	975	1,100	1,256
MRT	199	375	289	785	882	942
RUH	230	455	337	1,025	1,153	1,223
UJA	229	545	543	690	786	869
OUSL	34	70	67	530	635	663
EUSL	160	230	422	346	372	427
RUSL	353	1,033	575	391	503	624
SUSL	257	387	321	385	431	531
SEUSL	130	181	244	242	318	338
WUSL	164	312	292	305	379	431
UVPA	149	342	194	284	328	379
UWU	200	287	207	155	180	234
PGIA	2	2	5	18	23	15
PGIM	4	1	8	82	80	64
PGIAR	8	22	5	34	43	45
PIM	10	15	-	-	-	-
PGIS	5	6	5	14	19	11
PGIPBS	1	1	4	16	11	10
PGIE	1	1	1	4	4	7
IIM	15	25	36	112	137	157
IHRA	4	4	7	19	22	25
UCSC	5	38	25	72	85	93
GWAI	50	149	91	93	111	128
ITUM	51	5	5	62	77	74
NILIS	2	2	2	8	8	9
IBMBB	5	31	29	30	35	35
SVIAS	6	18	18	31	42	58
NCAS	2	82	68	46	10	11
Trinco	68	129	73	58	69	89
Vavuniya	-	-	-	-	-	-
IATRS	10	21	24	5	7	8
UGC	72	701	427	162	153	151
South Asian Universities	-	-	-	7	-	-
<b>Total</b>	<b>3,300</b>	<b>7,100</b>	<b>5,779</b>	<b>10,866</b>	<b>12,610</b>	<b>13,744</b>
Performance Grants	200	-	-	549	551	975
<b>Grand Total</b>	<b>3,500</b>	<b>7,100</b>	<b>5,779</b>	<b>11,415</b>	<b>13,161</b>	<b>14,719</b>

## **7 CADRE OF THE UGC SECRETARIAT**

The cadre of the UGC Secretariat for the year 2012 provided for a staff of **292** consisting of **60** Executive Grades, **179** Clerical and Allied Grades and **53** other Subordinate Grades. Only **41** of the first category, **120** of the second category and **47** of the third category were in service as at 31<sup>st</sup> December 2012.

### **7.1 Appointments, Promotions, Retirement and Resignation of UGC employees**

During the year under review, there have been 29 permanent and 7 contract / assignment basis appointments to the UGC Secretariat. Out of the permanent appointment 12 are of Executive Grade category.

UGC has given 38 promotions also to employees of the Secretariat which consist of Executive Grades as well as Clerical & Allied grades during the year. During 2012, 7 employees have retired from service while 3 employees have resigned from their respective posts.

### **7.2 Long Service Awards**

There were 14 employees 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.

Out of 14 members, 1 employee has completed 35 years of service, 4 employees have completed 30 years of service and the rest have completed 25 years of service.

### **7.3 Training and Development of Staff**

Every year the UGC provides an opportunity to the members of the staff of the secretariat to enhance their skills and working knowledge by participating in workshops/training programmes which have a relevance to their respective duties. These workshops/training programmes are conducted by recognized institutes such as SLIDA, IPFDA, ICTAD, INGAF, ICASL, NIBM, SDFL, SLF, British Council etc. A separate Staff Training Fund is maintained by the UGC for the purpose of sponsoring the staff.

In addition to this facility there is also provision to grant financial assistance to members of the staff who wish to follow courses of study, which are conducted by the Higher Educational Institutions in the university system that would attribute to their career development.

- (1) During the year under review **10** members of the executive staff and **37** members of the non-executive staff who were nominated by the UGC, participated in training and development programmes directly relevant to their working areas.
- (2) In order to improve the Tamil knowledge of the UGC staff, a Tamil Language Course was commenced at the UGC Secretariat with the

assistance of the National Institute of Language Education and Training for 45 employees.

- (3) Duty leave was granted for 3 executive officers to participate at short term overseas training programmes while one officer was granted one year full pay study leave to read for his M.Phil/Ph.D locally.

#### 7.4 Appreciation & Welcome

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

### 8. PROGRESS OF HUMAN RESOURCES

#### 8.1 Review of Cadre

The Department of Management Services having considered the recommendations made by the UGC, approved the following new cadre posts for Higher Educational Institutions for the year 2012.

	No of posts
Academic	269
Academic Support	25
Administrative & other staff	63
Management Assistant/ Technical	61
Management Assistant /Non Technical	136
Skilled/Unskilled	197
<b>Total</b>	<b>751</b>

#### 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 2012 accordingly;

##### Appointments / Promotions

##### (a) Post of Assistant Secretary / Assistant Registrar

Institution	No.
University Grants Commission	06
University of Colombo	02
University of Peradeniya	02

University of Kelaniya	02
University of Sri Jayewardenepura	01
University of Jaffna	04
University of Ruhuna	04
Open University of Sri Lanka	05
Eastern University, Sri Lanka	02
Rajarata University of Sri Lanka	01
Sabaragamuwa University of Sri Lanka	05
Wayamba University of Sri Lanka	04
Uva Wellassa University	01
The University of the Visual & Performing Arts	03
Postgraduate Institute of Agriculture	01
Institute of Indigenous Medicine	03
Postgraduate Institute of Medicine	02
Postgraduate Institute of Archaeology	01
Institute for Agro Technology & Rural Sciences	02
Trincomalee Campus	02

**(b) Post of Assistant Accountant / Assistant Bursar / Assistant Internal Auditor**

<b>Institution</b>	<b>No.</b>
University Grants Commission	02
University of Colombo	01
University of Peradeniya	02
University of Kelaniya	01
University of Sri Jayewardenepura	01
University of Jaffna	02
Open University of Sri Lanka	01
The University of the Visual & Performing Arts	01
Postgraduate Institute of Archaeology	01
Postgraduate Institute of English	01
Institute for Agro Technology & Rural Sciences	01

**(c) Post of Senior Assistant Secretary / Senior Assistant Registrar**

<b>Institution</b>	<b>No.</b>
University Grants Commission	03
University of Colombo	04
University of Peradeniya	02
University of Kelaniya	01
University of Moratuwa	01
University of Ruhuna	03
Open University of Sri Lanka	01
Eastern University, Sri Lanka	01
Sabaragamuwa University of Sri Lanka	02
Wayamba University of Sri Lanka	03
The University of the Visual & Performing Arts	03
Postgraduate Institute of Medicine	01
Postgraduate Institute of English	01
The National Centre for Advanced Studies in Humanities & Social Sciences	01

**(d) Post of Senior Assistant Accountant / Senior Assistant Bursar / Senior Assistant Internal Auditor**

<b>Institution</b>	<b>No.</b>
University Grants Commission	01
University of Colombo	01
Eastern University, Sri Lanka	01
Sabaragamuwa University of Sri Lanka	01
Postgraduate Institute of Agriculture	01

**(e) Post of Assistant Registrar (Library Services)**

<b>Institution</b>	<b>No.</b>
University of Colombo	01
University of Peradeniya	02
Wayamba University of Sri Lanka	01

**(f) Post of Assistant Secretary / Registrar (Legal & Documentation)**

<b>Institution</b>	<b>No.</b>
The University of the Visual & Performing Arts	01

**Promotions****(g) Placement of Senior Assistant Registrars/Senior Assistant Bursars on the Salary Scale of U-EX 2(1)**

<b>Institution</b>	<b>No.</b>
University Grants Commission(SAIA)	01
University of Peradeniya(SAR)	01
University of Sri Jayewardenepura (SAR)	01
University of Sri Jayewardenepura (SAB)	01
University of Moratuwa (SAB)	01
University of Jaffna (SAR)	03
University of Ruhuna (SAR)	02
University of Ruhuna (SAB)	01
Eastern University, Sri Lanka(SAR)	01
South Eastern University of Sri Lanka(SAR)	01
South Eastern University of Sri Lanka(SAB)	01
Sabaragamuwa University of Sri Lanka(SAR)	01
Wayamba University of Sri Lanka(SAB)	02
Postgraduate Institute of Pali & Buddhist Studies (SAB)	01

**(h) Promotion to the Post of Senior Assistant Registrar /Senior Assistant Bursar on the basis of Annual Performance Evaluation Report (APER) Scheme (Based on Com. Cir. No.668)**

<b>Institution</b>	<b>No.</b>
University Grants Commission(SAR)	01
University of Colombo(SAIA)	01
Sri Palee Campus	01

**(i) Post of Deputy Secretary/Deputy Registrar**

<b>Institution</b>	<b>No.</b>
University of Colombo	01
University of Sri Jayewardenepura	01
Institute of Indigenous Medicine	01
Postgraduate Institute of Archaeology	01

**(j) Post of Deputy Accountant / Deputy Bursar/ Deputy Internal Auditor**

<b>Institution</b>	<b>No.</b>
University of Kelaniya	01
Trincomalee Campus	01

**(k) Post of Deputy Registrar (Library Services)**

<b>Institution</b>	<b>No.</b>
University of Moratuwa	01

**(l) Post of Deputy Registrar (Legal & Documentation)**

<b>Institution</b>	<b>No.</b>
University of Ruhuna	01

8.3 According to Section 71(2)(iii) of the Universities Act No.16 of 1978, the following Appointments, Promotions of the staff of Non Administrative Non Academic Grades were also made during 2012;

**(1) Appointments**

<b>Post</b>	<b>University</b>	<b>No. of appointments</b>
Medical Officer	PDN	02
	CBO	01
	EUSL	01
Works Engineer (Civil) Grade III	PDN	01
	MOR	01
	UJA	01
Farm Manager	WUSL	01
Training Engineer Grade III	OUSL	01

**(2) Promotions**

<b>Post</b>	<b>University</b>	<b>No. of appointments</b>
Curator (Landscape) Grade II	SUSL	01
Senior Staff Technical Officer	CBO	02
	PDN	03
	KLN	01
	SJP	01
	MRT	01
	RUH	01
Chief Technical Officer	PDN	01
	KLN	01
Chief Security Officer	MRT	01
Director Physical Education (Higher Education)	MRT	01
	RUH	01
Works Engineer Grade II	KLN	01
Staff Matron	KLN	01
Illustrationist Grade I	OUSL	01

8.4 According to Section 71(2)(III) of the Universities Act No. 16 of 1978 as amended, following grade to grade promotions of the Non-Academic Non-Administrative Staff were made by the UGC during the year 2012

	<b>Higher Educational Institutions</b>				
	<b>PDN</b>	<b>KLN</b>	<b>SJP</b>	<b>WUSL</b>	<b>SUSL</b>
Staff Technical Officer Gr. I	16	02			
Staff Technical Officer Gr. II	10	05			01
Technical Officer Gr. I	17	02			
Technical Officer Gr. I Seg. A		01			
Senior Staff Assistant (C.S.)	05	02			
Staff Assistant (C.S.)	08	05		01	
Clerk Grade I	07	09			
Clerk Grade II	07	02	01	01	
Staff Assistant (Store Ke.)	01			01	
Shroff Gr. I				01	
Staff Assistant (L.S.)	02	02			
Library Assistant Gr. I	06	01			01
Library Assistant Gr. II	02	01			

**8.5 Inter-University Transfers**

In terms of Section 78 of the Universities Act, following inter-university transfers were implemented by the UGC during the year 2012;

Administrative Grades	-	24
Non-academic and Non-administrative Staff	-	53

## 8.6 Industrial Disputes over the Salary Anomalies etc

### (a) Trade Union action of Federation of University Teachers' Associations (FUTA)

Federation of University Teachers' Associations (FUTA) staged one day token strike claiming that the Government failed to keep its promises and neglected the demands put forward by them on 26<sup>th</sup> April 2012, a procession and a rally in Colombo.

Again they launched a continuous strike from 4<sup>th</sup> July 2012 until 10<sup>th</sup> October 2012.

### (b) Trade Union action of Non Academic Staff

The non-academic trade Unions too commenced a continuous Trade Union action on 29.02.2012 on salary issues. The Trade Unions having discussed with the Salaries and Cadres Commission, Ministry of Higher Education and UGC, decided to suspend the Trade Union action from 01.03.2012, after signing an Agreement between Secretary, Ministry of Higher Education and Trade Unions on 29.02.2012. As a result Commission Circular No.985 dated 15.05.2012 on rectification of salary was issued based on the letter of Deputy Secretary to the Treasury dated 21.03.2012. However, Trade Unions launched a two day strike of work on 22 and 23 of May 2012 and commenced a continuous Trade Union action again from 06.06.2012 stating that the conditions of the Agreement between Secretary, Ministry of Higher Education and Trade Unions have not been fulfilled by the Commission Circular No. 985.

Subsequently, the UGC referred this matter to the Commissioner General of Labour. After having several discussions trade unions and the UGC entered into an Agreement to resolve industrial dispute under 12(1) of the Industrial Disputes Act No. 43 of 1950 as amended Chapter 131, and Trade Unions called off the Trade Union action from 27.06.2012.

## 8.7 Staff Development Activities

UGC in collaboration with HETC project was in the process of compiling a series of training manuals on diverse topics covering academic, executive and non-academic staff. Development of following training manuals and training programmes were completed by identified resource persons in coordination with the Standing Committee on Staff Development and the HRDU.

- i. Induction Programme for Academic Staff of Sri Lankan Universities
- ii. Training of Trainers – ICT in Higher Education for Academic Staff
- iii. Enhancing Research Competencies
- iv. Essential Soft Skills for Non –Academic Staff (Executive Grades, Secretarial staff Technical Staff and Clerical Grades)
- v. Functional English for University Staff - Part I Teachers' Guide
- vi. Functional English for University Staff – Part II Teachers' Guide
- vii. Curriculum Development for Undergraduate Study Programmes.

Based on these manuals training programmes are being conducted at the universities by Staff Development Centers (SDCs) jointly with HETC project and HRDU/UGC.

At present all SDCs have conducted induction training programmes for Academic Staff. As at the end of the year under consideration, the UGC was in the process of developing an extensive Induction Training Programme for non-academic executive grades in the university system, which would be commenced from the year 2013.

In addition HRDU/UGC and HETC Project were in the process of designing tailor made training programmes for university staff, in liaison with training institutes as PIM, SLIDA, NIBM, etc.

In the year 2011, SDCs had effectively utilized the funds granted from the UGC to strengthen staff development activities with regard to improving infrastructural facilities, purchasing equipment and office appliances and conducting staff development programmes.

Thus, UGC has allocated and released approximately Rs. 65 Million for the staff development activities for the year 2012 in order to continue with the activities/ programmes already initiated with the first round of funds and to design / initiate new staff development programmes.

## **8.8 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 and 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;

### **(1) Local Research Grants for Ph.D. Research Degrees**

The University Grants Commission approved Rs.5,621,006.05 worth of grants for 28 academic staff members of the Higher Educational Institutions/ Institutes to enhance opportunities to obtain Postgraduate Qualifications during the year 2012 under Local Research Grants.

	Total No. of grantees 2012	2008	2009	2010	2011	2012
		Amount Rs.				
Group 2008	02	5,950,000	1,075,000	500,000	2,750,182	550,000.00
Group 2009	11		5,350,125	7,273,900	1,381,700	2,540,187.05
Group 2011	15				2,530,000	2,530,819.00
Total	28	5,950,000	6,425,125	7,773,900	6,661,882	5,621,006.05

(2) **Award of Commonwealth Academic Staff Fellowship Tenable in the United Kingdom - 2012**

The University Grants Commission nominated 19 academics for the Commonwealth Academic Staff Fellowship from Sri Lankan Universities and 14 candidates were selected by Commonwealth Association. University wise breakdown of recipients during the last 3 years is given below;

<b>Commonwealth Academic Staff Fellowship</b>			
<b>University</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
CBO	-	-	3
PDN	1	3	4
KLN	1	-	-
SJP	2	-	1
MOR	-	-	-
UJA	-	-	1
RUH	1	2	2
OUSL	1	2	1
EUSL	-	-	-
SEUSL	-	-	-
RUSL	-	-	-
SUSL	2	2	2
WUSL	1	1	-
<b>Total</b>	<b>09</b>	<b>11</b>	<b>14</b>

(3) **Award of Commonwealth Academic Staff Scholarships Tenable in the United Kingdom - 2012**

The University Grants Commission nominated 07 academics for the Commonwealth Academic Staff Scholarships from Sri Lankan Universities and 01 candidate was selected by Commonwealth Association as follows;

<b>Name</b>	<b>University</b>
Mr Kanapathy Gajapathy	UJA

**8.9 Financial Assistance for Air Passage for Academic Staff in Universities**

During the year under review, financial assistance granted by way of air passage to academic staff in universities/HEIs to proceed abroad to obtain postgraduate qualifications amounted to Rs.7,046,661/32. University wise breakdown is as follows;

UNIVERSITY	NUMBER OF REQUESTS GRANTED		AMOUNT (Rs)
	INWARD	OUTWARD	
University of Colombo	4	6	595,300.00
University of Peradeniya	7	10	1,205,671.70
University of Jaffna	3	2	277,931.00
University of Sri Jayawardenepura	3	8	1,312,072.62
University of Ruhuna	2	7	1,096,049.00
University of Moratuwa	1	4	374,201.00
Sabaragamuwa University of Sri Lanka	1	3	325,200.00
University of Kelaniya	5	6	893,496.00
South Eastern University of Sri Lanka	-	1	47,550.00
University of the Visual & Performing Arts	-	8	150,000.00
Rajarata University of Sri Lanka	5	2	264,760.00
Wayamba University of Sri Lanka	2	3	338,550.00
Open University of Sri Lanka	-	3	75,730.00
Trincomalee Campus	-	1	38,530.00
Sri Pali Campus	-	1	51,620.00
<b>Total</b>	<b>33</b>	<b>65</b>	<b>7,046,661.32</b>

### 8.10 Providing Practical Training

Approval has been granted by the UGC for providing practical training to **930 trainees** in 2012 at the HEIs in terms of Public Administration Circular No. 12/2000 of 19/07/2000 adopted by Establishments Circular Letter No. 10/2002 as amended by Establishments Circular Letter No. 03/2007 of 29/03/2007.

University/Institute	No. of Trainees
University of Colombo	94
University of Peradeniya	221
University of Kelaniya	44
University of Sri Jayawardenepura	51
University of Moratuwa	27
University of Jaffna	146
The Open University of Sri Lanka	12
Eastern University, Sri Lanka	58
South Eastern University of Sri Lanka	17
Sabaragamuwa University of Sri Lanka	08
Wayamba University of Sri Lanka	75
University of Visual and Performing Arts	12
Postgraduate Institute of Agriculture	03
Postgraduate Institute of Pali and Buddhist Studies	02
Institute of Indigenous Medicine	17
Institute of Human Resource Advancement	04
Postgraduate Institute of Medicine	16
University of Colombo School of Computing	11
Gampaha Wickramarachchi Ayurveda Institute	13
Postgraduate Institute of Science	05
Institute of Technology University of Moratuwa	04

Institute of Bio-Chemistry, Molecular Biology and Bio Technology	02
Swamy Vipulananda Institute of Aesthetic Studies	09
Sripalee Campus	12
Trincomalee Campus	56
Vavuniya Campus	11
<b>TOTAL</b>	<b>930</b>

## 9. INFRASTRUCTURE DEVELOPMENT

A total sum of Rs. 5,779 million was allocated for the new construction & continuation projects, rehabilitation projects, acquisitions, infrastructure development projects in newly established universities and capacity building of students in 2012. Treasury had recommended only Rs. 5,504 million. However, due to various restrictions imposed by the Treasury in releasing funds during the year, the universities and HEIs were able to receive only about Rs. 4,361 million by the end of the year 2012.

During the year, 20 new project proposals were received by the Commission from Universities and HEIs and after careful scrutiny and evaluation only \*22 were approved by the Commission as at end of the year. National Planning Department granted approval for \*07 out of the new projects in 2012. Altogether \*11 projects including the project proposals received in the previous years had been approved by the Cabinet of Ministers during the year. Total Estimated Cost of these 11 projects amounting to Rs. 4,854.87 million. There were ##11 projects physically commenced in 2012 and ##44 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. 13,672.40 million. ##13 projects bearing a total Estimated Cost of Rs. 2,778.30 million were completed and handed over to the university system during the period under review. Also, projects financed under Kuwait Fund Phase –I for the South Eastern University has been completed and handed over to the university during the period under review. This would be in addition to the completed projects list. Details are given below;

	2010		2011		2012	
	No. of Projects	Total Value (Rs. Millions)	No. of Projects	Total Value (Rs. Millions)	No. of Projects	Total Value (Rs. Millions)
<b>No. of Project Proposals received by UGC</b>	39	12,671.06	31	5,535.40	20	3,755.83
<b>No. of Project Proposals approved by UGC</b>	*11	3,744.61	*24	8,069.00	*22	2,512.35
<b>No. of Projects submitted to National Planning</b>	*12	5,913.36	*24	7,762.02	*23	3,306.93
<b>No. of Projects approved by National Planning</b>	*10	1,499.64	*15	4,351.8	*07	3,259.13
<b>No. of Projects approved by Cabinet of Ministers</b>	*12	1,583.8	*12	1,317.47	*11	4,854.87
<b>No. of Projects commenced during the year</b>	*14	2,799.4	##17	2,496.9	##11	1,514.70
<b>No. of Projects in Progress (Continuation)</b>	*60	13,637.95	##41	14,662.55	##44	13,672.40
<b>No. of Projects Completed</b>	*22	2,780.6	##12	2,223.45	##13	2,778.30

\* Including project proposals submitted in the previous years.

# considered only the physical condition of the project

## 10. DEVELOPMENT OF INFORMATION TECHNOLOGY

### IT Governance in Universities

IT governance is a part of the corporate governance and emerged as a concept to ensure that the organisation's information technology is supporting the organisation's strategies and objectives. Aligning with the Corporate Plan of the UGC, a survey was conducted to identify the status of ITG in universities and to create awareness on ITG in order to enhance the effectiveness and efficiency of IT utilization in universities through proper governance.

### Improvements to the Video Conferencing Facilities

Video conferencing facility which is installed in 2008 in the UGC as a solution to enhance the efficiency of the UGC secretariat through better communication with universities was upgraded and Board Room of the UGC was refurbished to achieve "international standards".

### Improvements to the UGC Local Area Network

LAN which was implemented in the UGC in 2001 was replaced with newer cabling in order to provide a healthy backbone for communication. The new network is capable of meeting the requirements in the UGC for more than 7 years.

### IT Funds Disbursements to Libraries

For Information and Communication Technology Developments in Libraries, funds were disbursed as follows to Universities. The total amount disbursed was Rs 08 Mn.

HEI	Project	Amount (Rs)
SEUSL	Improve the Library Automation - 2012	1,000,000
WUSL	Improve the Library Automation - 2012	1,000,000
KLN	Install a Tattle Tape Library security system	1,000,000
SJP	IT Grants for University Libraries	1,000,000
MRT	IT Grants for University Libraries	1,000,000
UVPA	IT Grants for University Libraries	1,000,000
CBO	IT Grants for University Libraries	1,000,000
UJA	IT Grants for University Libraries	1,000,000
	<b>Total</b>	<b>8,000,000</b>

### IT Funds Allocation/ Disbursements – 2012

Funds were disbursed to the following Faculties to improve and strengthen the IT facilities;

HEI	Project	Amount (Rs)
CBO	Creating Computer & IT Environment - Faculty of Law 2,915,000/- & Provide Network facility - Faculty of Management & Finance 3,000,000/-	5,915,000
CBO	IT (refer QIG 2011) amended to 12mn on 24.09.2012	12,000,000
SJP	Enhancement of IT resources at ITRC of the FMSC	6,000,000
PDN	For IT based resource centre for department of Political Science	2,436,000
RUH	Additional for purchase computers	3,750,000
RUH	Purchase Computers & Network accessories to the Engineering Faculty	8,000,000
WUSL	Upgrade the Campus wide Network	3,915,000
Vavuniya	Establish an IT Centre for Vavuniya Campus	15,000,000
PGIAR	For Installing a Wi-fi system	750,000
	<b>Total</b>	<b>50,016,000</b>

## 11. QUALITY ASSURANCE IN HIGHER EDUCATION

The QAA Council which was established as a separate Division of the UGC in 2009, conducted activities under the guidance and recommendations of the Standing Committee on QAA.

- One of the main functions of the QAA Council is to review the standards and quality of the Higher Educational Institutes (HEIs) and its programmes of study and to publicize the outcome. For this purpose the QAA Council conducts External Quality Assessments (EQA), Institutional Reviews (IRs), Subject/Programme Reviews (SR/PRs) and Library Reviews (LRs).

During the year under review, 10 Institutional Reviews, 07 Subject / Programme Reviews and 01 Library Review were conducted by the Quality Assurance Council under the External Quality Assessment Programme.

- In addition, following desk evaluations of Undergraduate (UG), Postgraduate (PG), External Degree Programmes (EDP) and for new institutes in Universities were carried out;

University	UGDs	PGDs	EDPs	New Institutes	Other
Colombo	-	13	5	-	-
Peradeniya	-	12	1	1	-
Sri Jayewardenepura	-	4	-	-	1
Kelaniya	1	11	1	-	1
Moratuwa	1	15	1	-	-

Jaffna	1	4	-	-	-
Ruhuna	-	7	-	-	-
Eastern	1	4	-	-	-
South Eastern	-	1	-	-	-
Rajarata	-	1	-	-	-
Sabaragamuwa	1	1	-	-	-
Wayamba	-	-	1	-	-
Open University	2	2	-	-	2
Visual and Performing Arts	-	3	1	1	-
PGIM	-	2	-	-	-
IIM	-	1	-	-	-
GWAI	-	1	-	-	-
Non State HEIs	-	-	-	-	23
<b>TOTAL</b>	<b>7</b>	<b>82</b>	<b>10</b>	<b>2</b>	<b>27</b>

**274** Workshops were also conducted at national, international and university/faculty level to improve the quality of Higher Educational Institutions during 2012 by the Quality Assurance Council. These workshops covered a variety of subject areas such as; QA Framework in HE, Credit and Qualifications Framework, Internal Quality Assurance in Universities, Subject Reviewers Training Programmes, Subject Review Process in Universities, Curriculum Revision and Reforms, Student Feedback and Peer Observation and Innovative and Interactive Teaching Methods.

- It is expected that internal Quality Assurance (QA) mechanisms would bring the staff members in the same institution together to share and learn from each other, publicize the good practices and to appreciate the achievements and contributions of one another. Further, the implementation of internal QA mechanisms would create a sense of responsibility and a new awareness of process approach throughout the institution.

Therefore, a Manual for Internal Quality Assurance was being prepared with the view of strengthening Internal QA Activities in Universities and it is presently published in the QACC website.

- One of the main responsibilities of the QAA Council is to accredit all higher educational (Public & Private) institutions and programmes in Sri Lanka. Accreditation in higher education is a collegial process based on self and peer assessment for public accountability and improvement of academic quality. For this purpose, following mentioned disciplines have been identified by the QACC;
  1. Agriculture, Vet. Science and Livestock
  2. Commerce and Management

3. Arts, Humanities , Social Sciences, Education, Law, Fine Arts
4. Engineering, Architecture, IT and Geomatics
5. Medicine, Dental Sciences and Allied Health Sciences
6. Science and Fisheries

Further, QACC has identified the criteria for the accreditation programme and during the year under review 03 workshops were held for the accreditation process and for preparation of the accreditation manual.

- A web based approach was developed, as a method to achieve the expected outcomes of External Quality Assurance. The system provides user friendly, accurate and up-to date information of EQAs and also it provides a feedback mechanism through online forms/questionnaires. The easy access of information would provide the authorities a basis for decision making to improve higher education sector in Sri Lanka.

The system is linked to the QAAC main web site ([www.qaacouncil.lk](http://www.qaacouncil.lk)) for easy access. Highly strengthen of back-end system to maintain dynamic nature. The implementation of the web based monitoring and evaluation system for external quality assessment would be an important landmark of quality assurance sector in higher education.

#### Summary of quality assurance activities in universities during 2012

ACTIVITY	During the Year 2012	Total
<b>1. External Quality Assessments (EQAs)</b>		
a. Subject/Programme Reviews (SR/PR)	07	309
<b>2. Programme Accreditation</b>		
National Workshops for preparation Accreditation Manual for Agriculture, Management and Arts disciplines	03	05
<b>3. Subject Benchmark Statements (SBS)</b>	03	41
<b>4. Awareness Programmes</b>	03	258
<b>5. Workshops</b>	17	274
<b>6. Publications</b>		
a. Faculty Composite Reports	01	60
b. Internal QA Manual	Produced	Published (QAAC Website)
c. Research Papers	02	09
d. Produced Training Package for External Quality Assessment	Produced	Published (APQN Website)

<b>7. Reviewers Trained</b>	<b>04</b>	<b>621</b>
<b>8. Web based Monitoring and Evaluation System for External Quality Assessments in Universities</b>	<b>Developed and to be implemented</b>	
<b>9. APQN Accreditation</b>		
<b>10. International Reviews</b>	<b>02</b>	<b>02</b>

## **12 STUDENT RELATED MATTERS**

### **University Student Charter**

The University Grants Commission prepared the “University Student Charter” in order to serve as a guide for students enrolled in state universities as well as a document that states the conditions of the contract that exist between the university and its students. It also serves as a guide to the academic, administrative and support staff and the public, as it emphasizes the commitment expected from all stakeholders for the smooth functioning of state universities. Further the University Student Charter earnestly urges students to cooperate and contribute towards making it possible for the state universities to play their mandatory role and contribute to preserve and sustain the core values and principles of the institution.

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

### **13.1 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**

Under the Mahapola Scholarship Scheme, the Mahapola Higher Education Scholarship Trust Fund awards two categories of scholarships i.e. Mahapola Higher Education Merit Scholarships and Mahapola Higher Education Ordinary Scholarships, in collaboration with the University Grants Commission.

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

During the year 2012, following amounts were disbursed for payment of Bursaries, Mahapola Scholarships – Treasury Component (TC) and Endowed Scholarships;

<b>Type of Financial Assistance To Students</b>	<b>No. of Students</b>	<b>Total Paid Rs. (Mn)</b>
Mahapola Scholarships	33,089	101.46
Bursaries	23,446	283.40
Endowed Scholarships	35	1.12

**(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.

Under this scholarship scheme thirty (30) scholarships were awarded to students who have been selected to follow courses of study in Management at the Faculty of Management and Finance, University of Colombo and Faculty of Management Studies and Commerce, University of Sri Jayewardenepura. The annual value of the scholarship is Rs.48, 000/= (12 Monthly installments of Rs.4, 000). The scholarship is for one year duration with possible extension for another year.

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

Under the Scholarships funded by Police C.W.C. Benefits Scheme three (03) scholarships were awarded for the Academic year 2010/2011 to students in Engineering, Medicine and Agriculture field who gained admission to University of Moratuwa, University of Peradeniya and Wayamba University.

The annual value of the scholarship is Rs.20, 000/= which will be paid in ten (10) monthly installments of Rs.2000/= covering the whole duration of the course of study.

**(c) Hiran Tillekeratne Research Awards**

The award ceremony of the Hiran Tillekeratne Special Awards for Outstanding Postgraduate Research - 2012 was held on 27<sup>th</sup> March 2012 at the University Grants Commission presided over by Prof. Gamini Samaranayake, Chairman of the UGC and with the participation of Mr. Eardley Tillekeratne, the Donor.

Objective of the awards is to honour postgraduate research carried out by the university academic staff, staff of research institutes and professional organizations.

At this occasion grants amounting to Rs. 150,000/- each were awarded for 03 research projects carried out during the period of year 2009 to 2011 under the disciplines of Natural Sciences, Medicine and Information Technology.

(4) **Scholarship scheme for University Students affected by the Tsunami**

Rs. 1,398,000/- was paid to undergraduate students during the year 2012 under the Tsunami Scholarship Scheme established by the UGC in 2005 utilizing the donations received from local and foreign well-wishers, for University Students affected by the Tsunami.

**13.2 Coordination of Award of Scholarships**

- **Commercial Bank Scholarship Scheme for University Entrants**

Commercial Bank Scholarship Scheme is designed for university entrants who are studying in the Faculties of Medicine and Management covering all the universities in Sri Lanka. Value of the scholarship is Rs. 25,000/- per year which is paid in 10 installments and the total number of installments will depend on the specified duration of the course concerned.

25 students from the academic year 2009/2010 and equal numbers of students from academic year 2010/2011 based on the results of 2009 and 2010 GCE A/L Examinations, respectively were selected for those Scholarships during the year concerned.

- **Dialog Merit Scholarships Programme**

The Dialog merit Scholarship Programme is extended annually to 27 top achievers at the GCE (Advanced Level) Examination and to those who qualify to enter the Universities in the Faculties of Engineering in Sri Lanka

Arrangements were made by the University Grants Commission (UGC) to award 54 scholarships based on the GCE (Advanced Level) Examination held in 2009 & 2010 fully financed by the (Dialog Telekom PLC) Sri Lanka at a ceremony that was held on 26<sup>th</sup> January 2012.

The value of a scholarship is Rs. 4000/- per month and payable for the duration of the course subject to the satisfactory performance of educational activities and good behaviour.

**14. IMPROVING FINANCIAL MANAGEMENT**

Considering the observations made by the Auditor General and the Committee on Public Enterprises [COPE] of Parliament, an Audit Action & Monitoring Committee has been set up by the UGC to regularly review the management of funds by the HEIs. This Committee meets on a regular basis with the Secretary to the line Ministry in

Chair and it has helped the Universities and HEIs to identify the lapses, weaknesses and shortcomings of internal control systems and procedures ensuring adherence to Good Governance and Management practices introduced by the Treasury in keeping with financial regulations.

The Committee met at 29 occasions during the year under review to examine the matters pertaining to universities and HEIs. They are as follows;

University Grants Commission  
 University of Colombo  
 University of Peradeniya  
 University of Sri Jayawardenepura  
 University of Kelaniya  
 University of Moratuwa  
 University of Jaffna  
 University of Ruhuna  
 South Eastern University of Sri Lanka  
 Rajarata University of Sri Lanka  
 Sabaragamuwa University of Sri Lanka  
 Wayamba University of Sri Lanka  
 Open University of Sri Lanka  
 University of the Visual & Performing Arts  
 Uva Wellassa University of Sri Lanka  
 Postgraduate Institute of Agriculture  
 Postgraduate Institute of Medicine  
 Postgraduate Institute of Pali & Buddhist Studies  
 Postgraduate Institute of Archeology  
 Postgraduate Institute of Management  
 Postgraduate Institute of Science  
 Institute of Human Resource Advancement  
 Institute of Indigenous Medicine  
 University of Colombo School of Computing  
 Gampaha Wickramarachchi Ayurveda Institute  
 National Institute of Library & Information Sciences  
 Institute of Technology, University of Moratuwa  
 Swamy Vipulananda Institute of Aesthetic Studies  
 Postgraduate Institute of English

## **15. PROGRESS MEETINGS WITH THE HON. MINISTER OF HIGHER EDUCATION**

The Hon Minister of Higher Education had several 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, during the year as follows;

Meetings were held;

- (1) to seek the possibility of introducing ICT to BA Degrees on 26.01.2012 and 20.03.2012 at Galadari Hotel, Colombo with members of the Commission, relevant officials, Deans of Faculties of Arts and Humanities and experts from industry and academia.

- (2) to discuss the development targets in 2012, Mid Term and Long Term as well as prevailing issues of students on 14.02.2012 with the Vice-Chancellors, and other relevant officials
- (3) to discuss the Strategic Plan for 2012-2015 and Action Plan for 2012, with Vice Chancellors and relevant officials of University of Colombo, University of Peradeniya, University of Sri Jayawardenapura and University of Moratuwa on 30.04.2012
- (4) to discuss current affairs of the universities with all the Vice Chancellors on 22.06.2012
- (5) to discuss the Strategic Plan and Action Plan, with Vice Chancellors and relevant officials of University of Sri Jayawardenapura, University of Jaffna, Rajarata University of Sri Lanka, Sabaragamuwa University of Sri Lanka, Uva Wellassa University of Sri Lanka and University of the Visual & Performing Arts on 25.06.2012
- (6) to discuss about the Kavitha Talent Awarding Ceremony on 30.07.2012 at Hotel Galadari, Colombo with relevant officials
- (7) to discuss on preparation of annual budget 2013 prior to the budget discussions with the Treasury officials on 20.08.2012 and a follow up meeting with Vice Chancellors and Treasury Officials on 06.09.2012

## **16 ASSISTANCE PROVIDED TO NATIONAL ORGANIZATIONS**

- MBBS Merit Order Lists based on final MBBS examinations namely 2004/05 (Repeat) was compiled and submitted to the Ministry of Health for the purpose of internship placements.
- A Provisional Merit Order List of MBBS graduates for the internship appointments relevant to the 2005/06 MBBS (Main) examination excluding Rajarata Medical Faculty was compiled and submitted to the Ministry of Health.
- MIS Division assisted the Central Bank, Department of Census & Statistics, Department of Labour and other public institutions in compilation of data in the Higher Education sections in their publications.
- MIS Division has also submitted the required information on university education to the UNESCO Institute of Statistics.

## **17 LEGAL AFFAIRS**

### **17.1 New Legislation**

During the year under review the Legal Division of the Commission had taken action to publish 5 Orders [1 for appointing Competent Authority, EUSL, 02 for to close some Institutions, 02 for Establishment of Engineering Faculties in the University of Jaffna and South Eastern University], and 01 Ordinance.

**(1) Orders made during the year;**

- (a) Order made under Section 20 (4) of the Universities Act, No. 16 of 1978 to revoke the Order made appointing Mr. Nimal Ranjith Arthanayake as the Competent Authority in lieu of the Council of the Eastern University, Sri Lanka and to appoint him as the Competent Authority in lieu of the Vice-Chancellor of the said University with effect from 31.12.2011, which published in the Government Gazette Extraordinary No. 1742/5 of 23<sup>rd</sup> August, 2012.
- (b) Order made under Section 20(4)(a) of the Universities Act No. 16 of 1978 to close certain Institutions as mentioned in the schedule to the order made by the Hon. Minister of Higher Education which was published in the Government Gazette Extraordinary No. 1772/5 of 21<sup>st</sup> August, 2012 until restore the normal condition of the said Institutions.
- (c) Order made under Section 24(4)(a) of the Universities Act No. 16 of 1978 to rescind the Order mentioned in (b) above, made by the Hon. Minister of Higher Education which was published in the Government Gazette Extraordinary No. 1774/8 of 5<sup>th</sup> September, 2012 normalcy is restored in the said institutions.
- (d) Two Orders made under Section 27(1) of the Universities Act No. 16 of 1978 establishing Engineering Faculties in the University of Jaffna and the South Eastern University of Sri Lanka, which was published in the Government Gazette Extraordinary No. 1787/27 of 05<sup>th</sup> December, 2012.

**(2) Following Ordinance was made during the year**

An amendment was made to the Postgraduate Institute of Science Ordinance No. 1 of 1996 made under Section 24A read with Section 18 of the Universities Act, No. 16 of 1978 which was published in the Government Gazette Extraordinary No.1755/33 of 25<sup>th</sup> April, 2012.

**17.2 Court Cases**

A total of 45 cases, which had been filed in Courts of Law and Tribunals against the UGC were handled by the Legal Division of the Commission during the year. They are as follows;

- Supreme Court – 22 cases
- Court of Appeal – 07 cases
- Human Rights Commission – 03 cases
- Labour Department Inquiries – 01 case
- District Court – 01 case
- High Court – 02 cases
- Labour Tribunal – 01 case
- University Services Appeals Board – 08 cases

## **18 CENTRAL INTERNAL AUDIT**

The Central Internal Audit Division which is entrusted with the task of Internal Audit Assignments and Investigations of the University Grants Commission and the Higher Educational Institutions has been continuing its program of work as in the previous years reviewing the adequacy of internal control systems and procedures ensuring adherence to circular instructions, the Universities Act and other relevant rules and regulations. The monitoring process and proposing any new or change of policies were done through the Audit Committee of the University Grants Commission. All lapses, weaknesses and shortcomings were brought to the notice of the relevant authorities with suggestions for improvements.

- (1) Special investigations on some specific areas were carried out at the following Universities & HEIs in addition to the normal audit programme during the year and submitted reports to relevant authorities for further action;

Uva Wellassa University of Sri Lanka  
Wayamba University of Sri Lanka  
Swamy Vipulananda Institute of Aesthetic Studies  
The National Centre for Advanced Studies in Humanities and Social Sciences

- (2) The Central Internal Audit Division coordinated matters pertaining to the meetings of the Committee on Public Enterprises (COPE) of Parliament in respect of 29 Universities / HEIs and submitted information required by the COPE.
- (3) During the year under review the Audit Committee met on three occasions viz. 30.03.2012, 07.09.2012 and 07.12.2012.

## **19 UNIVERSITY SERVICES APPEALS BOARD (USAB)**

The USAB had 48 sittings during the year under review. Eighteen (18) Appeals were registered at the USAB in 2012. Orders were delivered in respect of nineteen (19) appeals of which seventeen (17) were dismissed and two (02) were allowed. No Preliminary Orders were issued. Only one case was laid by. Twenty two (22) appeals were pending at the end of the year 2012 accordingly.

Two cases were pending at the Court of Appeal against two USAB Orders and two Orders were issued.

## **20 PUBLICATIONS AND RESEARCH STUDIES**

- (1) The publication of “Sri Lanka University Statistics 2011” which is the tenth volume of its series was published in August 2012.
- (2) The publication of proceedings of the workshop on Re-creating and Re-positioning of Sri Lanka Universities to meet emerging opportunities and challenges in globalized environment was published in September 2012.
- (3) The Unit Recurrent Cost of Universities for the financial year 2011 was analyzed and the report on “Analysis of Unit Recurrent Cost of Undergraduate Education at Universities of Sri Lanka –2011” was prepared in 2012.

- (4) The survey on identifying the Intellectual, Technical and Infrastructure Resources available in university system was completed in 2012 to develop a comprehensive database on human and physical resources. The intention of the database is to utilize the details of that, to improve the institutional development in the university system.
- (5) A study is being carried out to study the level of student participation in higher education in Sri Lanka, covering the government, semi government and private higher educational institutions which conducts tertiary level programmes, with a view to analyze the Gross Enrolment Ratio of Sri Lanka.
- (6) First online data collection module of the proposed system was introduced through the UGC website. ( A module to collect, store and report information on administrative staff developed using open source software such as PHP and MySql).

## **21 UNIVERSITIES PENSION FUND**

The Universities Pension Scheme was formulated under the provisions in Section 97 of the Universities Act No. 16 of 1978, utilizing part of the contribution towards Universities Provident Fund on the basis of recommendations made by the Actuarial Consultant and approved by the UGC for the purpose. The Cabinet of Ministers at its meeting held on 24<sup>th</sup> March 1999 approved the proposal submitted by the then Honorable Minister of Education and Higher Education the late Mr Richard Pathirana to establish a Pension Scheme for University Employees in addition to the Universities Provident Fund.

Accordingly, 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.

### **Membership**

- All permanent employees who were in service as at 1<sup>st</sup> September 1999 were given the opportunity to become members of the pension scheme while membership is compulsory for new employees who joined the university service after 1<sup>st</sup> September 1999.
- 40% of the gross Provident Fund balance lying to their credit was transferred to Pension Fund in the case of employees who were in service as at 01<sup>st</sup> September 1999 and opted to become members to meet the past service liability. Out of 15% of the earnings contributed by the employer to the Provident Fund 8% of earnings is credited to Pension Fund in case of both categories to cover the future service period liability while 7% of earning is credited to the Provident Fund.

### **Benefits**

- The members of the Fund who have served 20 years or more and served till the age of retirement (i.e. for academic staff 65 years and for non academic staff 55 or 60 years or in between after extension) are paid a monthly pension for life.

- The pension amount is calculated at a percentage of last drawn monthly salary for each year of service. The rates applicable are 1.0%, 1.2% and 1.4% for the retirement ages of 55, 60 and 65 respectively. Non Academic employees who could retire at the age of 55 but opt to continue to work till 60 years or retire in between are paid on pro-rata basis.
- On death of a pensioner 50% of the pension is paid to the spouse and balance 50% is equally divided and paid to the children until they reach 18 years of age.
- The amount and interest lying to the credit of an employee who has not completed 20 years of service is refunded at the point of retirement.
- On death of a bachelor/spinster while in service or in the event of the death of an employee without completing 20 years of service, the amount and interest lying to his/her credit is paid to his/her next-of-kin.

### Governance and Management

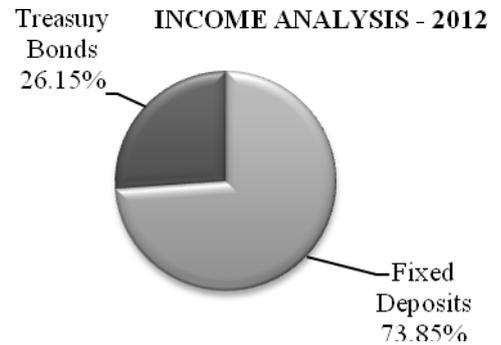
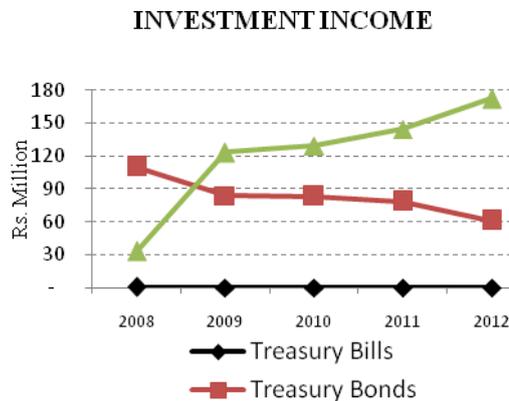
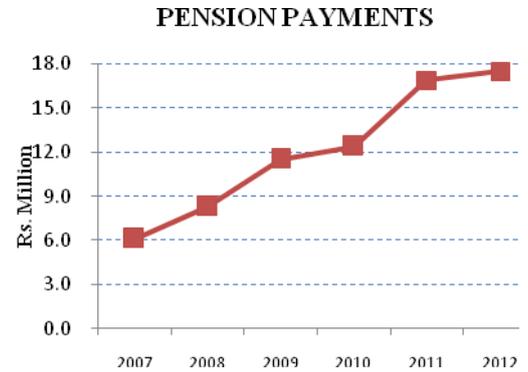
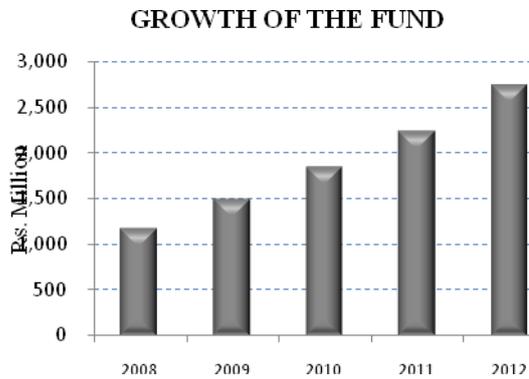
It was proposed to enhance and strengthen the Governance and Management of the Universities Pension Fund. Accordingly the Commission decided to appoint a Committee to draft an Ordinance for regulation, administration and management of the Universities Pension Scheme (UPS) and to appoint an Advisory/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

### FINANCIAL HIGHLIGHTS

#### Pension Fund - University Grants Commission

	2008	2009	2010	2011	2012
1 Membership					
Active Members	6,073	6,883	7,282	7,588	8,167
Other Inactive Members	968	1,080	1,363	1,503	1,778
No. of Members	7,041	7,963	8,645	9,091	9,945
2 No. of Pension Receiving Members	67	82	89	113	121
3 Fund Balance (Rs. Mn)					
Contributors Fund	1052	1330	1633	1958	2432
Pensioner's Fund & Reserve	117	164	201	278	299
	1169	1494	1833	2236	2731
4 Total Investment (Rs. Mn)	1117	1392	1679	2000	2454
5 Total Investment Income (Rs. Mn)	146	208	213	224	236
6 Income Tax (Rs. Mn)	15	21	21	22	20

7	Return on Investment (%)	<b>13%</b>	<b>15%</b>	<b>13%</b>	<b>11%</b>	<b>10%</b>
8	Declared Interest to Members	<b>12%</b>	<b>13%</b>	<b>11.5%</b>	<b>8%</b>	<b>9%</b>
9	Pension Payments (Rs. Mn)	<b>8</b>	<b>12</b>	<b>12</b>	<b>17</b>	<b>17</b>



## 22. 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.

Members of the Provident Fund contribute 10% of the earnings to the Universities Provident Fund and at the same time employer makes a contribution of 15% of the employees' earnings to the Fund.

### Benefits

- At the time of retirement, balance lying to the credit of the member's account is paid as the retirement benefit.
- Fund balance could be used as a guarantee for Loans such as distress loans, vehicle loans and computer loans etc. of Government employees

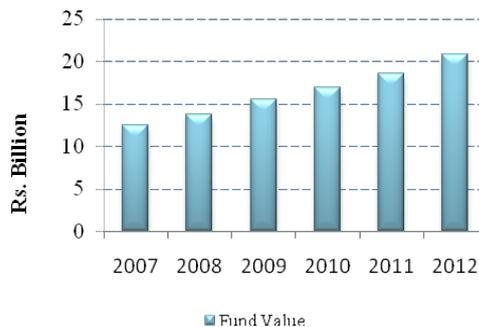
- Loans upto an amount not exceeding 65% of the Provident Fund Balance lying to the credit of the contributor can be obtained.
- The Academic and other employees may pledge their fund balance as surety for discharging of any obligations towards the Higher Educational Institution when they obtain Government scholarships for higher studies/ or travel.

## FINANCIAL HIGHLIGHTS

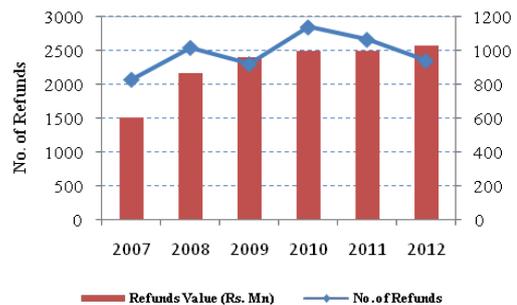
### Universities Provident Fund University Grants Commission

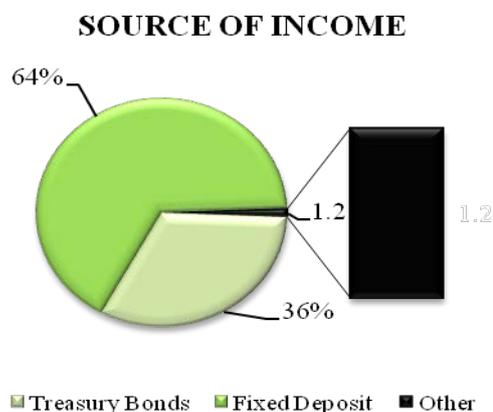
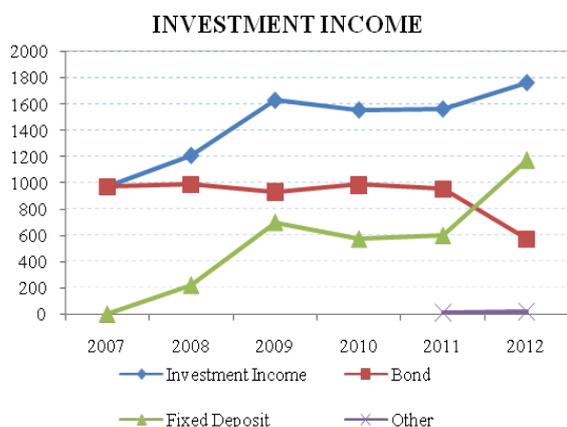
	2007	2008	2009	2010	2011	2012
1. Membership						
Active Members	26,111	<b>26,143</b>	27,450	<b>27,368</b>	27,892	<b>28,291</b>
Inactive Members	5,404	<b>5,385</b>	5,348	<b>5,321</b>	5,288	<b>5,272</b>
2. Refunds						
No. of Refunds	2,071	<b>2,544</b>	2,302	<b>2,847</b>	2,663	<b>2,349</b>
Refunds Value (Rs. Mn)	604.4	<b>866.9</b>	961.3	<b>1,002.0</b>	997.3	<b>1,031.0</b>
3. Fund Balance (Rs. Mn)	12,433.2	<b>13,761.3</b>	15,515.1	<b>16,906.6</b>	18,502.0	<b>20,832.0</b>
4. General Reserve (Rs. Mn)	156.5	<b>162.5</b>	49.4	<b>74.8</b>	123.7	<b>391.0</b>
5. Interest Rate Equalization Reserve (IRER) (Rs. Mn)	-	<b>-</b>	-	<b>136.9</b>	281.6	<b>-</b>
6. Loan Granted during the year (Rs. Mn)	1,139.9	<b>695.1</b>	640.1	<b>708.8</b>	858.8	<b>784.0</b>
7. Total Investments (Rs. Mn)	9,028.9	<b>9,955.6</b>	11,350.5	<b>12,547.0</b>	13,582.0	<b>15,682.0</b>
8. Investment Income (Rs. Mn)	978.3	<b>1,189.0</b>	1,627.4	<b>1,553.8</b>	1,560.6	<b>1,762.0</b>
9. Tax Paid (Rs. Mn)	97.8	<b>120.7</b>	162.7	<b>155.3</b>	124.8	<b>141.0</b>
10. Return to Investments	10.84%	<b>12.12%</b>	14.34%	<b>12.38%</b>	11.50%	<b>11.3%</b>
11. Declared Interest - On Opening Balance	10.5%	<b>12%</b>	15.5%	<b>10.5%</b>	9.5%	<b>11.0%</b>

GROWTH OF THE FUND



REFUNDS





## 23 COMMISSION CIRCULARS AND ESTABLISHMENT CIRCULAR LETTERS ISSUED DURING 2012

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, etc. , following Commission Circulars and Establishments Circular Letters were issued during the year under review in view of smooth functioning of the UGC and the Higher Educational Institutions;

### (1) Commission Circulars

<b>Circular No.</b>	<b>Title of the Circular</b>	<b>Date of Circular</b>
973	Revision of allowances Government, Corporations Statutory Boards and project staff as per budget proposals – 2012	04.01.2012
974	Filling of vacancies in the posts of non academic staff in the University System	04.01.2012
975	Revision of Salaries of University Staff as per Budget Proposals – 2012	13.01.2012
976	Obtaining approval for appointment of employees in terms of Section 18:12:1 of Chapter III of the Est. Code of the UGC and HEIs	12.03.2012
977	Rates of payment for Internal Examinations conducted by Universities	14.03.2012
978	Provision for re-scrutinization of marks and grades of undergraduates	09.04.2012
979	Implementation of the award of the arbitration on industrial dispute in between the inter university sub-wardens union and UGC	09.04.2012
980	Schemes of Recruitment – Post of Instructor in Computer Technology (Special Needs) (For Physically and / or Visually Handicapped Candidates only)	16.04.2012
981	Rates of Payments for Internal Examinations Conducted by Universities	23.04.2012

<b>Circular No.</b>	<b>Title of the Circular</b>	<b>Date of Circular</b>
982	Payment of fees to members of Selection Committees	30.04.2012
983	Schemes of Recruitment – Post of Foreman (Machines/ Composing/ Binding) Higher Grade	04.05.2012
984	Schemes of Recruitment – Posts of Library Assistant Gr.III, Gr.II, Gr.I, Staff Assistant/Library Services & Senior Staff Assistant/Library Services	08.05.2012
985	Rectification of Salary Anomalies of the University Staff based on Management Services Circular No.30(1) on Budget Proposals – 2012 (Salary)	15.05.2012
986	Schemes of Recruitment - Post of Instrument Mechanic, Grade III and Promotional Grades	16.05.2012
987	Scheme of Recruitment- Post of Instructor in Physical Education, Gr III	16.05.2012
988	Schemes of Recruitments for the Posts of Instructor in the Faculties of Dance & Drama, Music and Visual Arts	24.05.2012
989	Schemes of Recruitment – Posts of Director/ Planning and Director/ Infrastructure Development - 01.06.2012	29.05.2012
990	Payments of Research Allowance for Academic Staff who are on Study leave	31.07.2012
991	UGC Nominees appointed to serve on the Selection Committees	06.08.2012
992	Reimbursement of Course Fee paid on Commission Cir. No 830 of 09.09.2003	23.08.2012
993	Scheme of Recruitment- Post of Gymnasium Attendant Lower & Higher Grades	30.08.2012
994	Mutual Transfers of Employees on Probation	26.09.2012
995	Classification of Computing Degrees to align with International Standards	28.09.2012
996	Scheme of Recruitment of the Post of Senior Lecturer Gr II (Medical/Dental) and (Non-Medical/Dental)	09.10.2012
997	Payment of Combined Allowance	21.12.2012

## 02. Establishment Circular Letters

<b>Establishments Circular Letter No</b>	<b>Title of the Establishments Circular Letter</b>	<b>Date</b>
01/2012	Payment of special advance to university employees – 2012	04.01.2012
02/2012	Financial assistance for postgraduate studies abroad for Lecturers Probationary and Senior Lecturers - Direct Recruit	17.01.2012
03/2012	Appointment of Lecturers (Prob) under category 4 of the scheme of recruitment	18.01.2012
04/2012	Providing relief to public officers who face difficulties	27.01.2012

<b>Establishments Circular Letter No</b>	<b>Title of the Establishments Circular Letter</b>	<b>Date</b>
	due to renovation of railway line from Galle to Induruwa	
05/2012	Trade Union Action by Some Trade Unions	22.02.2012
06/2012	Upgrading the Post of Assistant Registrar (Library Services) and Assistant Secretary/Assistant Registrar (Legal & Documentation)	30.03.2012
07/2012	Fees and Travelling of Visiting Staff	16.04.2012
08/2012	Attachment of Trainees to Public Institutions for Practical Training	23.04.2012
09/2012	Financial Assistance for Postgraduate Studies Abroad for Lecturers (Probationary) and Senior Lecturers (Direct Recruit)	15.05.2012
10/2012	Trade Union Action by Some Trade Unions	21.05.2012
11/2012	Trade Union Action	30.05.2012
12/2012	Tailoring Fees for Official Uniforms	19.06.2012
13/2012	Revision of Allowances of Government, Corporations, Statutory Boards and Project Staff as per the Budget proposals -2012	23.07.2012
14/2012	Granting of Special leave during the Ramalan (Ramazan) season -2012	24.07.2012
15/2012	Salaries and Allowances Applicable to the Post of Vice-Chancellor of a University	17.09.2012
16/2012	Election of a Dean of a Faculty	30.10.2012

## **Statement of Financial Position - UGC**

As at 31<sup>st</sup> December 2012

	<b>2012 Rs</b>	<b>2011 Rs</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipments	545,594,270	561,402,047
Investments	34,876,495	35,039,813
	<u>580,470,765</u>	<u>596,441,860</u>
<b>Current Assets</b>		
Inventories	3,668,369	4,209,635
Trade and Other Receivables	63,757,518	37,341,873
Prepayments & Deposits	3,383,369	2,239,413
Cash and Cash Equivalents	6,104,707	14,755,811
	<u>76,913,961</u>	<u>58,546,732</u>
<b>TOTAL ASSETS</b>	<b><u>657,384,726</u></b>	<b><u>654,988,593</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Consolidated Fund</b>		
Deffered Capital Grants	27,441,758	41,006,818
Capital Grants -Unspent	4,066,949	6,493,386
Deffered Rehab & Imp.of Fixed Assets	1,126,076	2,616,135
Revaluation Surplus	509,313,767	509,313,767
Retained Surplus/(Deficit)	(22,137,450)	(29,455,544)
	<u>519,811,100</u>	<u>529,974,562</u>
<b>Non-Current Liabilities</b>		
Research Fund	18,947,759	17,976,407
Foreign Funded Projects	-	2,344,720
Specific Fund	9,881,435	8,222,781
University Scholarships Fund	18,258,844	18,334,472
Retirement Benefits Obligation	35,696,924	38,014,686
	<u>82,784,961</u>	<u>84,893,066</u>
<b>Current Liabilities</b>		
Payable to Universities And HEI'S	42,136,386	22,166,423
Trade and other payables	7,892,499	8,684,565
Lease Creditor-Merchant Bank of Ceylon Ltd	4,386,659	8,773,332
Deposits	373,119	496,645
	<u>54,788,664</u>	<u>40,120,965</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>657,384,726</u></b>	<b><u>654,988,593</u></b>

Sgd.Prof. (Mrs) S.S.M.K.K. Hirimburegama  
Chairperson

Sgd.R.A.U. Ranaweera  
Accountant

**Statements of Income & Expenditure - UGC**  
**For the year ended 31st December**  
**2012**

	<b>2012</b> Rs	<b>2011</b> Rs
<b><u>INCOME</u></b>		
<b>Government Grants</b>		
Recurrent Grants	1,085,874,583	640,903,460
Rehab: And Imp: of F/A	9,490,059	11,317,941
Capital Grants Amortized	22,991,495	9,221,251
Contribution for South Asian University	70,359,281	28,641,193
Capital Grants on KEID	398,514,723	440,534,432
<b>Total Government Grants</b>	<b>1,587,230,141</b>	<b>1,130,618,276</b>
Other Income	19,739,390	12,003,005
	<b>1,606,969,531</b>	<b>1,142,621,281</b>
<b><u>LESS: Expenses</u></b>		
Personal Emoluments	112,104,960	104,030,831
Travelling Expenses	1,419,918	789,776
Supplies	10,896,944	8,422,527
Maintenance	7,383,341	4,133,947
Contractual Expenditure	22,421,462	19,607,399
Other Recurrent	36,269,554	26,191,382
Rehabilitation Expenditure	9,490,059	11,317,941
Depreciation of Fixed Assets	22,991,495	19,279,652
Student Financial Assistance	384,860,380	483,898,368
Financial Assistant to Uni /HEIs	993,956,286	469,175,624
	<b>1,601,794,400</b>	<b>1,146,847,447</b>
Surplus/(Deficit) for the year 2012	5,175,131	(4,226,165)

## Cash Flow Statement - UGC

For the year ended 31st December

	2012 Rs	2011 Rs
<b>Cash flows from operating activities</b>		
Operating Surplus/(Deficit)	5,175,131	(4,226,165)
<b>Adjustments for</b>		
Depreciation	22,991,495	19,279,652
Provision for Gratuity	3,610,826	11,440,386
Profit/Loss on sale of Fixed Assets	1,442,719	(900,466)
Interest Expenses	912,773	912,773
Amortization of Capital Grants	(22,991,495)	(20,539,192)
Amortization of Rehabilitation Grants	(9,490,059)	-
Operating Surplus/(Deficit)	<b>1,651,390</b>	<b>5,966,988</b>
<b>Changes in Working Capital</b>		
Increase in Inventories	541,266	(2,350,962)
Increase in Receivables	(26,415,645)	6,755,474
Increase in Prepayments	(1,143,956)	(379,241)
Increase in Payables to HEI's	19,969,963	2,113,399
Decrease in Trade Creditors	(792,067)	(4,006,058)
Decrease in Deposits	(123,526)	209,630
Cash Generated from operating Activities	(6,312,574)	8,309,230
Gratuity Payments	(3,785,625)	(7,505,093)
Interest Payments	(912,773)	(912,773)
<b>Net cash from operating activities</b>	<b>(11,010,973)</b>	<b>(108,636)</b>
<b>Cash flows from investing activities</b>		
Acquisition of Property Plant & Equipments	(8,626,436)	(7,298,950)
Disposal of Fixed Assets	-	2,103,800
Investment in Fixed Deposits	163,318	(2,336,749)
<b>Net cash used in investing activities</b>	<b>(8,463,118)</b>	<b>(7,531,899)</b>
<b>Cash flows from financing activities</b>		
Capital Grants Received	8,000,000	2,000,000
Rehabilitation Grants	7,000,000	3,500,000
Increase in Research Fund	971,352	541,666
Payment of Finance Lease on Vehicles	(4,386,668)	(4,386,668)
Receipts/Payments from Foreign Funded Projects	(2,344,720)	118,463
Fund Received for Specific Activities	1,658,654	1,044,364
Receipts/(Payments) From Scholarship Fund	(75,628)	2,241,895
<b>Net cash used in financing activities</b>	<b>10,822,989</b>	<b>5,059,720</b>
<b>Net Cash Flow</b>	<b>(8,651,103)</b>	<b>(2,580,817)</b>
Cash as at 01.01.2012	14,755,811	17,336,628
<b>Cash as at 31-12-2012</b>	<b>6,104,707</b>	<b>14,755,811</b>
<b>Note 1</b>		
Bank of Ceylon-2323284	(89,970,566)	8,879,569
Bank of Ceylon -Foreign Projects	277,940	277,940
Bank of Ceylon-University Scholarship Fund	5,797,333	5,598,302
Over Night Deposits on BOC A/C No. 2323284	90,000,000	-
	<b>6,104,707</b>	<b>14,755,811</b>

## Statement of Changes in Equity - UGC

For the year ended 31st December 2012

	Consolidated Fund	Retained Surplus/(Deficit)	Revaluation Surplus	Total
Balance as at 1st January 2010	56,138,127	(40,384,588)	515,365,273	531,118,812
Adjustment for Depreciation on	-	5,184,568	-	5,184,568
Amortization of Grants for Depreciation of Assets	(6,021,788)	-	(6,051,506)	(12,073,294)
Total Income / Surplus/(Deficit) for 2010	-	9,970,641	-	9,970,641
<b>Balance As at 31/12/2010</b>	<b>50,116,339</b>	<b>(25,229,379)</b>	<b>509,313,767</b>	<b>534,200,727</b>
Total Income / Surplus/(Deficit) for 2011	-	(4,226,165)	-	(4,226,165)
<b>Balance As at 31/12/2011</b>	<b>50,116,339</b>	<b>(29,455,544)</b>	<b>509,313,767</b>	<b>529,974,562</b>
<b><u>Changers in Equity 2012</u></b>				
Provision for Gratuity on Left Employees	-	2,142,963	-	2,142,963
Increased Capital Grants	5,509,939	-	-	5,509,939
Amortization of Grants for Depreciation of Assets	(22,991,495)	-	-	(22,991,495)
Total Income / Surplus/(Deficit) for 2012	-	5,175,131	-	5,175,131
<b>Balance As at 31/12/2012</b>	<b>32,634,783</b>	<b>(22,137,450)</b>	<b>509,313,767</b>	<b>519,811,100</b>

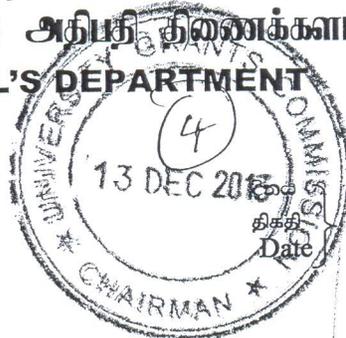


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**கணக்காய்வாளர் தலைமை அபிபதி தலைக்காமி**  
**AUDITOR GENERAL'S DEPARTMENT**



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 எனது இல }  
 My No. }

ඔබේ අංකය }  
 உமது இல }  
 Your No. }



10 December 2013

Chairman  
 University Grants Commission

20 DEC 2013

Report of the Auditor General on the Financial Statements of the University Grants Commission for the year ended 31 December 2012 in terms of Sub - Section 12(5) of the Universities Act No. 16 of 1978

Reference to my letter of even number dated 09 October 2013 on the above subject.

02. The English version of the above mentioned report is sent herewith

  
 H.A.S. Samaraweera  
 Auditor General



Copies to: 1. Secretary, Ministry of Higher Education  
 2. Secretary, Ministry of Finance and Planning

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දුරකථනය }  
 தொலைபேசி } 2887028 /034  
 Telephone. }

இல. 306.72, பொல்துவ வீதி,  
 பத்தரமுல்லை இலங்கை

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 Fax No. }

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 Battaramulla , Sri Lanka

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 E-mail. }



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**கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்**  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය } EC/B/UGC/FA/2012  
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 My No. }

ඔබේ අංකය }  
 உமது இல }  
 Your No. }

දිනය } 09 October 2013  
 திகதி }  
 Date }

Chairman  
 University Grants Commission

**Report of the Auditor General on the Financial Statements of the University Grants Commission for the year ended 31 December 2012 in terms of Sub - Section 12(5) of the Universities Act No. 16 of 1978**

The audit of financial statements of the University Grants Commission for the year ended 31 December 2012 comprising the statement of financial position as at 31 December 2012 and the income statement, 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(1), (4) and (7) of the Universities Act No. 16 of 1978 and Sub - section 107(5) of the Universities Act. My comments and observations which I consider should be published with the annual report of the Institute in terms of Section 108(2) of the Universities Act appear in this report. A detailed report in terms of Section 108(2) of the Universities Act was furnished to the Chairman of the Commission on 19 June 2013.

**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. 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.

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இல. 306.72, பொல்துவ வீதி,  
 பத்தரமுல்லை இலங்கை

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 #- மெயில் } oaggov@slt.net.lk  
 E-mail. }

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 judgment, 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 the financial statements. Sub-sections (3) and (4) of the Section 13 of the Finance Act, No 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

### **1.3 Basis for Qualified Opinion**

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

## **2. Financial Statements**

### **2.1 Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the University Grants Commission as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

## 2.2 Comments on Financial Statements

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

The Following non-compliances were observed.

	<u>Reference to Laws, Rules etc.</u>	<u>Non-compliance</u>
(a)	Cabinet Decision dated 23 March 2011	Without amending the Cabinet decision under reference the Circular No. 1000 dated 8 January 2013 had been issued by the University Grants Commission, including the Academic Allowance into definition of "total earnings", with the consent of the Treasury. Accordingly, the amount overpaid to University Provident Fund, Pension Fund and Employees Trust Fund as at 31 December 2012 contrary to Cabinet decision was Rs. 559.29 million.
(b)	Paragraph 10.1 of Chapter 8 of the Establishments Code and Public Administration Circular No. 256 dated 12 June 1984 and Public Administration Circular No. 7/97 dated 3 February 1997.	University Grants Commission Circular No. 707 dated 01 April 1997 had been issued by the University Grants Commission without compliance with the regulations under reference, saying that the Section which stipulates that to work on holidays 8 hours should be completed could be amended by 2 days by working 4 hours per day. Accordingly, payments had been made by the Universities and Higher Education Institutes under University Grants Commission and Rs. 45,573 had been paid to the Staff of the University Grants Commission during the year 2012.
(c)	Financial Regulation 71 and Section 9.10 of Public Enterprises Circular No. PED/12 dated 02 June 2003.	Without obtaining the prior approval of the Deputy Secretary to the Treasury regarding the recruitment of staff on contract, casual or any other basis, four employees had been recruited during the year 2012 and payments totaling to Rs. 518,960 had been made.

## Financial Review

### 3.1 Financial Results

According to the financial Statements presented, the operation of the Commission for the year ended 31 December 2012 had resulted in a surplus of Rs.5,175,131 as against the deficit of Rs. 4,226,165 for the preceding year. The following reasons were mainly attributed for the increase of the financial results by Rs. 9,401,296 as compared with the preceding year.

The increase in Recurrent Grants, Capital Grants, Contributions to South Asian Universities and other income amounting to Rs. 444,971,123, Rs.13,770,244, Rs.41,718,088 and Rs.7,736,385 respectively, as well as decrease in the Students Financial Assistance by Rs. 99,037,988 and the increase in financial assistance to the Universities and Higher Educational Institutions by Rs. 524,780,662 had specially caused for the improvement in the financial results as compared with the year 2011,

### 3.2 Analytical Financial Review

The financial results had improved by Rs. 9,401,296 or 222 percent during the year under review as compared with the previous year. Major variances in income and expenditure are shown below.

	<u>2012</u>	<u>2011</u>	<u>Variance</u>	<u>Percentage</u> <u>of Variance</u>
	Rs	Rs	Rs	
<u>Income</u>				
Recurrent Grant	1,085,874,583	640,903,460	444,971,123	69
Capital Grant	22,991,495	9,221,251	13,770,244	149
Contribution to South Asian Universities	70,359,281	28,641,193	41,718,088	146
Capital Grant for Improvement of Knowledge and Institutional Development	398,514,723	440,534,432	(42,019,709)	(10)

<u>Expenditure</u>	Other Income	19,739,390	12,003,005	7,736,385	64
	Supplies	10,896,944	8,422,527	2,474,417	29
	Other Recurrent Expenditure	36,269,554	26,191,382	10,078,172	38
	Students Financial Assistance	384,860,380	483,898,368	(99,037,988)	(20)
	Financial Assistance for Universities and Higher Educational Institutions	993,956,286	469,175,624	524,780,662	112

#### 4. Operational Review

##### 4.1 Performance

Following observations are made.

- (a) Out of the number of students who were qualified for universities in the previous three academic years, the details regarding the number of students admitted, amount of funds released for each year and the general funds released per student are shown below.

	<u>2011/2012</u>	<u>2010/2011</u>	<u>2009/2010</u>
Number of students qualified for universities }	141,411	142,516	125,284
Number of students selected for admission to the universities }	28,937	22,016	21,547
Percentage of students selected for universities out of the number of students qualified for universities }	20	15	17
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Recurrent expenditure spent (Rs. '000)	14,611,003	12,961,095	10,865,900
Total number of students	72,937	77,640	73,398
Recurrent expenditure per student (Rs.)	200,323	166,938	148,040

Out of the students qualified for the universities for the Academic Year 2011/2012, only 20 per cent of the students had been admitted to the Universities and the average recurrent expenditure per student had been Rs. 200,323. Likewise, out of the students applied for universities only 49 per cent had been selected.

**(b) Establishment of Engineering Faculty at the University of Jaffna**

A sum of Rs.730,552 had been paid to a Professor from November 2010 to July 2011 to obtain a report to establish an Engineering Faculty at the University of Jaffna and according to his report although an Engineering Faculty should be established at the University of Jaffna and fifty students should be admitted for the academic Year 2011/2012 and the number of students should be increased up to one hundred by the year 2013, students had not been admitted for the academic Year 2011/2012.

**(c) Installation of Software System for Selection and Admission of Students to the Universities**

A sum of Rs. 1,520,000 or 80 per cent of the contract sum had been paid to the University of Colombo School of Computing by the University Grants Commission on 3 April 2012 for the contract of installation of software system for the selection of students to universities. Although this payment had to be reimbursed from 'The 21<sup>st</sup> Century Higher Education Project' according to the Decision No. 843.5.3 of the Board of Directors dated 9 February 2012, action had not been taken for the reimbursement even up to the end of the year under review.

**(d) Establishment of Centralized Internal Audit System**

A Consultant had been appointed spending Rs. 300,000 for 6 months from 05 March 2007 on a payment of Rs. 50,000 per month to obtain investigation on establishment of a centralized internal audit system within the university system. Although the Consultant had submitted his report to the University Grants Commission including all matters on 11 April 2007, the report had not been implemented within 5 years.

- (e) Although a balance of Rs. 5,356,873 had been available in the Employees Development Fund as at the end of the year 2012, without utilizing this fund a sum of Rs. 933,122 had been utilized from the State Funds for an Employment Development Programme conducted during the year under review.

#### **4.2 Management Inefficiencies**

Following matters were observed.

- (a) Although a sum of Rs. 396,994,000 had been given for the Knowledge Enhancement and Institutional Development (KEID) for 20 higher educational institutions and the Ministry of Higher Education, 13 instances with less than 50 percent utilization had been observed at the end of the year 2012.

#### **(b) Upgrading 6 Selected National Universities to International Standards**

Even though provisions of Rs. 100 million and Rs. 75 million had been made for the years 2011 and 2012 respectively to upgrade 6 Universities to international standard, the international standards of Moratuwa and Ruhuna Universities had fallen to lower level in the year 2012 than the year 2011.

#### **4.3. Transactions in Contentious Nature**

Without the approval of the Treasury to credit the money recovered for the breach of bonds to the Government Revenue, according to the University Grants Commission Circular No.737 by maintaining a Fund regarding the lecturers who breached the bonds in each University, the income derived from this had been utilized by the Universities on various expenditure in the Universities. According to the test checks carried out regarding 19 Universities, this Fund had amounted to Rs. 548,714,372. The balance in the Bond Violation Fund of the University Grants Commission amounted to Rs. 843,258.

#### **4.4 Under-utilization of Funds**

Following matters were observed.

- (a) The balance in the unspent Capital Grant (purchase of fixed assets) as at the end of the year 2012 amounted to Rs. 4,066,949 and when compared the Capital Grant ( purchase of fixed assets) received to University Grants Commission for the year 2012 and the carried forward balance amounting to Rs. 6,493,386 in the unspent Capital Grant Accounts the unutilized portion was 30 percent.
- (b) Although 3 Special Funds totaling to Rs. 9,872,568 had been maintained in the University Grants Commission, these Funds had been in an inactive level.
- (c) Out of the 98 Scholarship Funds totaling Rs. 11,561,215, only 24 Funds had been functioning and 74 Scholarship Funds had been defunct. Only 10 Scholarships had been awarded during the year 2012.

#### **4.5 Personnel Administration**

The approved cadre of the Commission as at 31 December 2012 had been 288 and the actual cadre was 200 and a shortage of 88 employees had been observed.

#### **4.6 Resources of the Commission given to other Government Institutions**

Contrary to the Public Enterprises Circular No.116 dated 24 January 1997 and Paragraph 9.4 of the Public Enterprises Circular No.PED/12 dated 02 June 2003, three employees of the University Grants Commission had been released for the duties of the Ministry and a sum of Rs.721,072 had been paid as salaries for those employees during the year 2012.

## 5. Accountability and Good Governance

### 5.1 Tabling of Annual Report

Although the Annual Reports should be tabled in parliament prior to the end of 6 months after the closure of the financial year in terms of Section 16 of the Universities Act No. 16 of 1978, the Annual Report of the University Grants Commission had not been tabled in Parliament

### 5.2 Procurement Plan

Even though fixed assets for Rs. 8,626,436 had been procured by the Commission for the year 2012, approved procurement plan had not been prepared during the year under review.

### 5.3 Budgetary Control

Budget had not been prepared in terms of Section 5.2.1 of Circular No. PED 12 dated 02 June 2003 and as 42 per cent to 93 per cent of variances had existed between the budgeted expenditure and the actual expenditure, the Budget had not been made use of as an effective instrument of financial control.

## 6. Systems and Controls

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

- (a) Accounting
- (b) Utilization of Capital Allocations
- (c) Recruitment of Staff

**H.A.S.Samaraweera**  
**Auditor General**

**REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE UNIVERSITY GRANTS COMMISSION  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2012**

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
<p>2.2 <u>Comments on financial statements</u></p> <p>2.2.1 <u>Non-compliance with Laws, Rules, Regulations and Management Decisions</u></p> <p>The following non-compliances were observed.</p>	<p style="text-align: center;"><u>Non-compliance</u></p> <p>Without amending the Cabinet decision under reference the Circular No. 1000 dated 8 January 2013 had been issued by the University Grants Commission, including the Academic Allowance into definition of "total earnings", with the consent of the Treasury. Accordingly, the amount overpaid to University Provident Fund, Pension Fund and Employees Trust Fund as at 31 December 2012 contrary to Cabinet decision was Rs. 559.29 million.</p>	<p>The UGC issued the circular No. 1000 dated 08.01.2013 by which the total earnings comprised the academic allowance too and this was done as per letter No. DMS/E1/B4/7/313/2 dated 21/12/2012 addressed to the Ministry of Finance, resulting from a consent to settle the amount prevailed them.</p>	<p>According to a request and proposals made by the academic staff of universities, the Hon. Attorney General the ETF could be considered as an academic allowance and this had been informed to the Treasury by his letter No. E/307/2010 of 06.12.2012.</p>
<p><u>Reference to Laws, Rules etc.</u></p> <p>(a) Cabinet Decision dated 23 March 2011</p>			

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
<p>(b) Paragraph 10.1 of Chapter 8 of the Establishments Code and Public Administration Circular No. 256 dated 12 June 1984 and Public Administration Circular No. 7/97 dated 3 February 1977.</p>	<p>University Grants Commission Circular No. 707 dated 01 April 1977 had been issued by the University Grants Commission without compliance with the regulations under reference, saying that the Section which stipulates that to work on holidays 8 hours should be completed could be amended by 2 days by working 4 hours per day. Accordingly, payments had been made by the Universities and Higher Education Institutes under University Grants Commission and Rs. 45,573 had been paid to the Staff of the University Grants Commission during the year 2012.</p>	<p>Officers of the UGC are allowed to work on holidays and the payments for working on a holiday is limited to 8 hrs due to the nature of work at the UGC (specially when new students are enrolled).</p>	<p>Accordingly, the Ministry of Finance and Planning had instructed to consider academic allowances for purposes of University Provident Fund and the ETF contributions and there seems to be no necessity to recover over payments as per instructions given by the Secretary to the Treasury. A cabinet memo had been presented by the Ministry of Higher Education together with the UGC for obtaining proper approval.</p> <p>Payments could be made to Executive Officers of the UGC only during the period of admission considering it as necessary. As such this was considered as a special occasion and 1/20<sup>th</sup> was paid as per above circular on an approval of the UGC. At time Executive Officers of</p>

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
<p>(c) Financial Regulation 71 and Section 9.10 of Public Enterprises Circular No. PED/12 dated 02 June 2003.</p>	<p>Without obtaining the prior approval of the Deputy Secretary to the Treasury regarding the recruitment of staff on contract, casual or any other basis, four employees had been recruited during the year 2012 and payments totaling to Rs. 518,960 had been made.</p>	<p>During the year 2012, employees had been engaged in duties on assignment basis subjects to the cadre approved for the UGC by the Department of Management Services depending on the existing vacancies. These appointments had been made with the approval of the UGC permanent the recruitments are made. Considering the need for</p>	<p>the division works at night as during the period of admission as all applications are scrutinized so as to select applicants quickly and refer there particulars to the universities. The Treasury had presented a proposal to pay an allowance based on the performance for working at weekends and on holiday. A draft is being prepared.</p> <p>A letter had been sent to the General Treasury for covering approval for these 4 employees and the executive officer appointed and for payment of their salaries. But it had not been obtained. Further the letter No. UGC/P/2/5/33 of 8.04.2013 sent to the Auditor General by the Chairperson UGC intimates the suspension of recruitment on</p>

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
<p>3. <b><u>Financial Review</u></b> 3.1 <b><u>Financial Results</u></b></p>	<p>According to the financial Statements presented, the operation of the Commission for the year ended 31 December 2012 had resulted in a surplus of Rs. 5,175,131 as against the deficit of Rs. 4,226,165 for the preceding year. The following reasons were mainly attributed for the increase of the financial results by Rs. 9,401,296 as compared with the preceding year.</p> <p>The increase in Recurrent Grants, Capital Grants, Contributions to South Asian Universities and other income amounting to Rs. 444,971,123, Rs. 13,770,224, Rs. 41,718,088 and Rs. 7,736,385 respectively, as well as decrease in the Students Financial Assistance by Rs.99,037,988 and the increase in financial assistance to the Universities and Higher Educational Institutions by Rs. 524,780,662 had specially caused for the improvement in the financial results as compared with the year 2011.</p>	<p>services. Further above is being taken to obtain covering approval from the Department of Management services as per Public Enterprises circular.</p> <p>Observation Agreed</p> <p>Observation Agreed</p>	<p>performance basis. Future recruitments, if any would be carried out as described by the Auditor General.</p>

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments																																																																						
<p>3.2 <u>Analytical Financial Review</u></p>	<p>The financial results had improved by Rs. 9,401,296 or 222 percent during the year under review as compared with the previous year. Major variances in income and expenditure are shown below.</p> <table border="1" data-bbox="527 853 1351 1646"> <thead> <tr> <th data-bbox="527 853 560 1646"><u>Income</u></th> <th data-bbox="527 1332 560 1400"><u>2012</u></th> <th data-bbox="527 1198 560 1265"><u>2011</u></th> <th data-bbox="527 1019 560 1131"><u>Variance</u></th> <th data-bbox="527 853 560 974"><u>Percentage</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="592 853 625 1646">Recurrent Grant</td> <td data-bbox="592 1332 625 1400">1,085,874,583</td> <td data-bbox="592 1198 625 1265">640,903,460</td> <td data-bbox="592 1019 625 1131">444,971,123</td> <td data-bbox="592 853 625 974">69</td> </tr> <tr> <td data-bbox="625 853 657 1646">Capital Grant</td> <td data-bbox="625 1332 657 1400">22,991,459</td> <td data-bbox="625 1198 657 1265">9,221,251</td> <td data-bbox="625 1019 657 1131">13,770,224</td> <td data-bbox="625 853 657 974">149</td> </tr> <tr> <td data-bbox="657 853 690 1646">Contribution to South Asian Universities</td> <td data-bbox="657 1332 690 1400">70,359,281</td> <td data-bbox="657 1198 690 1265">28,641,193</td> <td data-bbox="657 1019 690 1131">41,718,088</td> <td data-bbox="657 853 690 974">146</td> </tr> <tr> <td data-bbox="690 853 722 1646">Capital Grant for Improvement of knowledge and Institutional</td> <td data-bbox="690 1332 722 1400"></td> <td data-bbox="690 1198 722 1265"></td> <td data-bbox="690 1019 722 1131"></td> <td data-bbox="690 853 722 974"></td> </tr> <tr> <td data-bbox="722 853 755 1646">Development</td> <td data-bbox="722 1332 755 1400">398,514,723</td> <td data-bbox="722 1198 755 1265">440,534,432</td> <td data-bbox="722 1019 755 1131">(42,019,709)</td> <td data-bbox="722 853 755 974">(10)</td> </tr> <tr> <td data-bbox="755 853 787 1646">Other Income</td> <td data-bbox="755 1332 787 1400">19,739,390</td> <td data-bbox="755 1198 787 1265">12,003,005</td> <td data-bbox="755 1019 787 1131">7,736,385</td> <td data-bbox="755 853 787 974">64</td> </tr> <tr> <td data-bbox="787 853 820 1646"><u>Expenditure</u></td> <td data-bbox="787 1332 820 1400"></td> <td data-bbox="787 1198 820 1265"></td> <td data-bbox="787 1019 820 1131"></td> <td data-bbox="787 853 820 974"></td> </tr> <tr> <td data-bbox="820 853 852 1646">Supplies</td> <td data-bbox="820 1332 852 1400">10,896,944</td> <td data-bbox="820 1198 852 1265">8,422,527</td> <td data-bbox="820 1019 852 1131">2,474,417</td> <td data-bbox="820 853 852 974">29</td> </tr> <tr> <td data-bbox="852 853 885 1646">Other Recurrent</td> <td data-bbox="852 1332 885 1400"></td> <td data-bbox="852 1198 885 1265"></td> <td data-bbox="852 1019 885 1131"></td> <td data-bbox="852 853 885 974"></td> </tr> <tr> <td data-bbox="885 853 917 1646">Expenditure</td> <td data-bbox="885 1332 917 1400">36,269,554</td> <td data-bbox="885 1198 917 1265">26,191,382</td> <td data-bbox="885 1019 917 1131">10,078,172</td> <td data-bbox="885 853 917 974">38</td> </tr> <tr> <td data-bbox="917 853 950 1646">Students Financial</td> <td data-bbox="917 1332 950 1400"></td> <td data-bbox="917 1198 950 1265"></td> <td data-bbox="917 1019 950 1131"></td> <td data-bbox="917 853 950 974"></td> </tr> <tr> <td data-bbox="950 853 982 1646">Assistance</td> <td data-bbox="950 1332 982 1400">384,860,380</td> <td data-bbox="950 1198 982 1265">483,898,368</td> <td data-bbox="950 1019 982 1131">(99,037,988)</td> <td data-bbox="950 853 982 974">(20)</td> </tr> <tr> <td data-bbox="982 853 1015 1646">Financial Assistance for Universities and Higher Educational Institutions</td> <td data-bbox="982 1332 1015 1400">993,956,286</td> <td data-bbox="982 1198 1015 1265">469,175,624</td> <td data-bbox="982 1019 1015 1131">524,780,662</td> <td data-bbox="982 853 1015 974">112</td> </tr> </tbody> </table>	<u>Income</u>	<u>2012</u>	<u>2011</u>	<u>Variance</u>	<u>Percentage</u>	Recurrent Grant	1,085,874,583	640,903,460	444,971,123	69	Capital Grant	22,991,459	9,221,251	13,770,224	149	Contribution to South Asian Universities	70,359,281	28,641,193	41,718,088	146	Capital Grant for Improvement of knowledge and Institutional					Development	398,514,723	440,534,432	(42,019,709)	(10)	Other Income	19,739,390	12,003,005	7,736,385	64	<u>Expenditure</u>					Supplies	10,896,944	8,422,527	2,474,417	29	Other Recurrent					Expenditure	36,269,554	26,191,382	10,078,172	38	Students Financial					Assistance	384,860,380	483,898,368	(99,037,988)	(20)	Financial Assistance for Universities and Higher Educational Institutions	993,956,286	469,175,624	524,780,662	112	Observation agreed	
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<p>4. <u>Operational Review</u> 4.1 <u>Performance</u></p> <p>Following observations are made.</p> <p>(a) Out of the number of students who were qualified for the universities in the previous academic years, the details regarding the number of students admitted, amount of funds released for each year and the general funds released per student are shown below.</p>	<table border="0"> <thead> <tr> <th></th> <th><u>2011/2012</u></th> <th><u>2010/2011</u></th> <th><u>2009/1010</u></th> </tr> </thead> <tbody> <tr> <td>Number of students qualified for universities } Number of students selected for admission to the universities } Percentage of students selected for universities out of the number of students qualified for universities } Recurrent expenditure spent (Rs. '000) Total number of students Recurrent expenditure per student (Rs.)</td> <td>141,411 28,937 20 14,611,003 7 2,937 200,323</td> <td>142,516 22,016 15 12,961,095 77,640 166,938</td> <td>125,284 21,547 17 10,865,900 73,398 148,040</td> </tr> </tbody> </table> <p>Out of the students qualified for the universities for the Academic year 2011/2012, only 20 per cent of the students had been admitted to the universities and the average recurrent expenditure per student had been Rs. 200,323. Likewise, out of the students applied for universities only 49 per cent had been selected.</p>		<u>2011/2012</u>	<u>2010/2011</u>	<u>2009/1010</u>	Number of students qualified for universities } Number of students selected for admission to the universities } Percentage of students selected for universities out of the number of students qualified for universities } Recurrent expenditure spent (Rs. '000) Total number of students Recurrent expenditure per student (Rs.)	141,411 28,937 20 14,611,003 7 2,937 200,323	142,516 22,016 15 12,961,095 77,640 166,938	125,284 21,547 17 10,865,900 73,398 148,040	<p>Observation agreed</p>	<p>It is more practicable to furnish particulars of number of students enrolled the university as a percentage of number of students applied rather than illustrate it as the number of students qualified for enrolment.</p>
	<u>2011/2012</u>	<u>2010/2011</u>	<u>2009/1010</u>								
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Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
(b) <u>Establishment of Engineering Faculty at the university of Jaffna</u>	A sum of Rs. 730,552 had been paid to a Professor from November 2010 to July 2011 to obtain a report to establish on Engineering Faculty at the University of Jaffna and according to his report although an Engineering Faculty should be established at the University of Jaffna and fifty students should be admitted for the academic year 2011/2012 and the number of student should be increased up to one hundred by the year 2013, students had not been admitted for the academic year 2011/2012.	An Engineering faculty had been established at the university of Jaffna with effect from 5 <sup>th</sup> November 2011. The cabinet had approved infrastructure facilities for the 2400 million which is being supplied now.	On 19.12.2012 the cabinet had approved the proposed to set up the Engineering Faculty at Araviyar Nagar. The construction would commence in 2014.
(c) <u>Installation of Software System for selection and admission of students to the universities</u>	A sum of Rs. 1,520,000 or 80 per cent of the contract sum had been paid to the University of Colombo School of Computing by the University Grants Commission on 3 April 2012 for the contract of installation of software system for the selection of students to universities. Although this payment had to be reimbursed from 'The 21 <sup>st</sup> Century Higher Education Project' according to the decision No. 843.5.3 of the Board of Directors dated 9 February 2012, action had not been taken for the reimbursement even up to the end of the year under review.	<p>Observation Agreed</p> <p>The university admission software could not be completed as expected due to the following reasons.</p> <p>Admissions to the university is a complicated affair. As such the previous academic year cannot be used to test the software system and there was tall the academic year 2011/2012.</p> <p>Policies/Methods relating to admissions for the academic year 2011/2012 had to the re-structured as per the verdict of the Supreme court. The</p>	It is informed that granting provision could be consider for another computer programme of the UGC through the HETC.

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
<p>(d) <u>Establishment of Centralized Internal Audit System</u></p>	<p>A consultant had been appointed spending Rs. 300,000 for 6 months from 05 March 2007 on a payment of Rs. 50,000 per month to obtain investigation on establishment of a centralized internal audit system within the university system. Although the consultant had submitted his report to the University Grants Commission including all matters on 11 April 2007, the report had not been implemented within 5 years.</p>	<p>provision could not be obtained before the completion of the IRQUE Project as these were delays in the entrance system.</p>	<p>The recommendation in the Advisory report relating to form an Internal Audit method within the University system is being implement step by step.</p>
<p>(e)</p> <p>4.2 <u>Management Inefficiencies</u></p> <p>Following matters were observed.</p>	<p>Although a balance of Rs. 5,356,873 had been available in the Employees Development Fund as at the end of the year 2012, without utilizing this fund a sum of Rs. 933,122 had been utilized from the State Funds for an Employment Development Programme conducted during the year under review.</p> <p>(a) Although a sum of Rs. 396,994,000 had been given for the Knowledge Enhancement and Institutional Development (KEID) for 20 Higher Educational Institutions and the Ministry of Higher Education, 13 instances with less than 50 percent utilization had been observed at the end of the year 2012.</p>	<p>Observation agreed</p> <p>Observation agreed</p> <p>Follow up action is taken on the expenditure from the each granted by the UGC included in Annex 1 - utilization of funds as at 31.12.2012.</p>	

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
	<p>(b) <u>Upgrading 6 selected National Universities to International Standards</u></p> <p>Even though provisions of Rs. 100 million and Rs. 75 million had been made for the years 2011 and 2012 respectively to upgrade 6 universities to international standard, the international standards of Moratuwa and Ruhuna universities had fallen to lower level in the year 2012 than the year 2011.</p>	<p>The Treasury had allocated Rs. 450 million for universities at Peradeniya, Moratuwa, Colombo, Sri Jayawardena-pura, Kelaniya and Ruhuna under the said project. Utilization of funds for the project concerned line with each university. The universities should take action to obtain money from the Treasury depending on the need of the project. The world university rank relating to the university concerned is used as a norm by the UGC to review the progress of the project. These informations are annexed 2.</p>	<p>The related progress is found out by semi annual and annual progress review reports and through meetings. Action would be taken to obtain necessary provision.</p>

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
<p>4.3 <u>Transactions in Contentious Nature</u></p>	<p>Without the approval of the Treasury to credit the money recovered for the breach of bonds to the Government Revenue, according to the University Grants Commission Circular No. 737 by maintaining a Fund regarding the lecturers who breached the bonds in each university, the income derived from this had been utilized by the universities on various expenditure in the universities. According to the test checks carried out regarding 19 universities, this Fund had amounted to Rs. 548,714,372. The balance in the Bond Violation Fund of the University Grants Commission amounted to Rs. 843,258.</p>	<p>This fund had been established with the approval of the General Treasury.</p>	<p>Action has been taken to invest the balance of the fund.</p>
<p>4.4 <u>Under-utilization of Funds</u> Following matters were observed.</p>	<p>(a) The balance in the unspent Capital Grant (purchase of fixed assets) as at the end of the year 2012 amounted to Rs. 4,066,949 and when compared the Capital Grant (purchase of fixed assets) received to University Grants Commission for the year 2012 and the carried forward balance amounting to Rs. 6,493,386 in the unspent Capital Grant Accounts the unutilized portion was 30 percent.</p>	<p>Capital provisions unspent under the acquisition of fixed assets was valued of Rs. 3,560,652. Expenditure during the year was Rs. 8,620,436.</p>	<p>Noted in the adjustment accounts concerned.</p>

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments								
	<p>(b) Although 3 special funds totaling to Rs. 9,872,568 had been maintained in the University Grants Commission, these funds had been in an inactive level.</p>	<p>The opening balance and provision received during the year aggregated Rs. 12,187,089. Accordingly the provision unspent was 29%</p> <table border="1" data-bbox="600 481 1396 896"> <thead> <tr> <th data-bbox="609 683 665 896">Name of the Fund</th> <th data-bbox="609 481 665 672">Reason</th> </tr> </thead> <tbody> <tr> <td data-bbox="673 683 771 896">1. Central Research Fund</td> <td data-bbox="673 481 771 672">This Fund was not in operation in 2012. Plans are to utilize the Fund</td> </tr> <tr> <td data-bbox="779 683 917 896">2. Srimathi Indrani Memorial Fund</td> <td data-bbox="779 481 917 672">Income derived from investing this Funds is used for the employees' development programme. This Fund is being continuously used for employees</td> </tr> <tr> <td data-bbox="925 683 1388 896">3. Employees Development Fund</td> <td data-bbox="925 481 1388 672"></td> </tr> </tbody> </table> <p>Observations not agreed.</p>	Name of the Fund	Reason	1. Central Research Fund	This Fund was not in operation in 2012. Plans are to utilize the Fund	2. Srimathi Indrani Memorial Fund	Income derived from investing this Funds is used for the employees' development programme. This Fund is being continuously used for employees	3. Employees Development Fund		<p>The objectives of forming these funds are being attended to issuing employees' development programmes are carried out by the employees development fund.</p>
Name of the Fund	Reason										
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Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments				
	<p>(c) Out of the 98 Scholarship Funds totaling Rs. 11,561,215, only 24 funds had been functioning and 74 Scholarship Funds had been defunct. Only 10 Scholarships had been awarded during the year 2012.</p>	<table border="1"> <thead> <tr> <th data-bbox="347 689 428 904"></th> <th data-bbox="347 479 428 689">Development Programme.</th> </tr> </thead> <tbody> <tr> <td data-bbox="428 689 997 904">4. National Science Foundation</td> <td data-bbox="428 479 997 689">This represent the savings of provision made by National Science Foundation to the UGC. Action had been taken to credit these to the income of the UGC.</td> </tr> </tbody> </table> <p>All dorments Scholarship funds had been consolidated and formed fund named UGC common scholarship fund. Plans are uproot to offer scholarship based on its income.</p>		Development Programme.	4. National Science Foundation	This represent the savings of provision made by National Science Foundation to the UGC. Action had been taken to credit these to the income of the UGC.	<p>Adjustments concerned are made in the final accounts.</p> <p>Approval has been granted to form a common scholarship funds as at 31.12.2012 vide the 867<sup>th</sup> meeting held on 02.02.2013. Accordingly, the fund had been established.</p> <p>Action had been taken to grant 10 scholarships from</p>
	Development Programme.						
4. National Science Foundation	This represent the savings of provision made by National Science Foundation to the UGC. Action had been taken to credit these to the income of the UGC.						

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
<p>4.5 <u>Personnel Administration</u></p> <p>4.6 <u>Resources of the Commission given to other Government Institutions</u></p>	<p>The approved cadre of the Commission as at 31 December 2012 had been 288 and the actual cadre was 200 and a shortage of 88 employees had been observed.</p> <p>Contrary to the Public Enterprises Circular No. 116 dated 24 January 1997 and Paragraph 9.4 of the Public Enterprises Circular No. PED/12 dated 02 June 2003, three employees of the University Grants Commission had been released for the duties of the Ministry and a sum of Rs. 721,072 had been paid as salaries for those employees during the year 2012.</p>	<p>Observation Agreed</p> <p>The following employees had been recruited for work at the UGC as per Commission Circular No. 876 based on the present policy of recruitment to the UGC and Higher Educational Institutions.</p> <ol style="list-style-type: none"> <li>1. Miss. IN Dayaratne - Clerk</li> <li>2. WG Hemapala - Labourer</li> <li>3. Sumudu Lakmali - Computer Application Assistant</li> </ol> <p>The above 3 employees had been assigned to work at the office of the Ministry of Higher Education on his request with the approval of the UGC.</p> <p>Accordingly the salaries for the relevant posts had been paid by the UGC.</p>	<p>2011/2012, at a monthly instalments of Rs. 2,500.</p> <p>Action is being taken to fill vacancies depending on the requirements of the UGC.</p> <p>Two labourers had been released to the Ministry of Higher Education with approval of the UGC on a request by the Hon. Minister of Higher Education. One of them is still at the Ministry of Higher Education.</p>

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
<p>5. <u>Accountability and Good Governance</u></p> <p>5.1 <u>Tabling of Annual Report</u></p>	<p>Although the Annual Reports should be tabled in Parliament prior to the end of 6 months after the closure of the financial year in terms of Section 16 of the Universities Act No. 16 of 1978, the Annual Report of the University Grants Commission had not been tabled in Parliament.</p>	<p>Cannot agree with the</p>	<p>By now the annual report of 2011 had been tabled.</p>
<p>5.2 <u>Procurement Plan</u></p>	<p>Even though fixed assets for Rs. 8,626,436 had been procured by the Commission for the year 2012, approved procurement plan had not been prepared during the year under review.</p>	<p>Cannot agree Procurement Plan for 2011 had been prepared.</p>	<p>Procurement Plan for 2011 had been prepared.</p>

Effective on Financial Statement	Matters pointed out by the Auditor General	Comments and observations already submitted to AG	Action taken, present position and current Developments
<p><u>5.3 Budgetary Control</u></p>	<p>Budget had not been prepared in terms of Section 5.2.1 of Circular No. PED 12 dated 02 June 2003 and as 42 per cent to 93 per cent of variances had existed between the budgeted expenditure and the actual expenditure, the Budget had not been made use of as an effective instrument of financial control.</p>	<p>The UGC always use the budget as an instruction of management committee.</p>	
<p><u>6. Systems and Controls</u></p>	<p>The deficiencies observed during the course of audit were brought to the notice of the Chairman 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) Accounting</li> <li>(b) Utilization of Capital Allocations</li> <li>(c) Recruitment of Staff</li> </ul>	<p>The UGC analyses its system and control from time to time continuously. Action is being taken to improve the system and control.</p>	

**Universities Pension Fund**  
**Statement of Financial Position as at December 31, 2012**

	2012 Rs.	2011 Rs.
<b>Non Current Assets</b>		
<b>Investments</b>		
Treasury Bonds	550,129,273	601,477,514
Fixed Deposits	1,898,828,833	1,399,000,000
	2,448,958,106	2,000,477,514
<b>Current Assets</b>		
Contribution Receivable	54,476,918	16,013,582
Investment Income Receivable	250,377,117	234,842,312
Short Term Deposits (Repos)	5,000,000	-
Cash and Cash Equivalents	1,298,524	6,929,521
	311,152,559	257,785,415
<b>Total Assets</b>	2,760,110,665	2,258,262,929
 <b>Represented by</b>		
<b>Members' Fund &amp; Reserves</b>		
Contributors' Fund	2,432,210,621	1,957,687,424
Pensioners' Fund	78,674,647	76,114,209
Accumulated Balance	220,253,446	201,906,600
	2,731,138,714	2,235,708,233
<b>Current Liabilities</b>		
Sundry Creditors	138,000	105,000
Income Tax Payable	24,374,301	20,051,910
Payments Due to Members	4,395,380	2,397,786
Payments Due to Uni. & HEIs	64,270	-
	28,971,951	22,554,696
<b>Total Liabilities</b>	2,760,110,665	2,258,262,929

Sgd. Tissa Nandasena  
Secretary

Sgd. Ubayakula Ranaweera  
Accountant

**Universities Pension Fund**  
**Statement of Financial Performance**  
**for the Year Ended December 31, 2012**

	2012	2011
	<u>Rs.</u>	<u>Rs.</u>
<b>Income</b>		
Investment Income	235,596,188	224,093,091
Less: Income Tax	20,113,517	18,661,713
	215,482,671	205,431,378
Less: <b>Expenditure</b>		
Contributor's Fund Interest	189,115,287	138,335,257
Pensioner's Fund Interest	6,153,684	4,583,812
Pensioner's Fund Adjustments	1,755,904	1,303,638
Sundry Expenses	100,200	45,704
Bank Charges	10,750	11,568
	197,135,825	144,279,979
Income Over Expenditure	18,346,846	61,151,399
Balance B/F from Previous Year	201,906,600	140,755,201
Balance Transferred to Balance Sheet	<b>220,253,446</b>	<b>201,906,600</b>

## Universities Pension Fund

### Statement of Changes in Equity for the Year Ended December 31, 2012

	Accumulated Fund (Rs.)	Pensioners Fund (Rs.) (Rs.)	Contributors Fund (Rs.)	Total (Rs.)
Balance as at 31 <sup>st</sup> December 2010	140,755,201	59,972,666	1,632,516,673	1,833,244,540
Surplus for the Year 2011	61,151,399			61,151,399
Interest Received on Erroneous Contribution			26,694	26,694
Transfer from Current Year Income		1,303,638		1,303,638
Contribution Received on A/C of Pensioners		157,698		157,698
Current Year Contribution			222,020,068	222,020,068
Lumsum Refund Transferred to Contributors Fund/Pensioners Fund		26,963,680	(7,798,240) (26,963,680)	(7,798,240) -
Transfer to UPF Account			(449,347)	(449,347)
Pension Payment During the Year 2011		(16,867,284)		(16,867,284)
Pensioners Fund /Contributors Fund Interest		4,583,812	138,335,256	142,919,068
<b>Balance as at 31<sup>st</sup> December 2011</b>	<b>201,906,600</b>	<b>76,114,210</b>	<b>1,957,687,424</b>	<b>2,235,708,234</b>
Surplus for the Year 2012	18,346,846			18,346,846
Transfer from Current Year Income		1,755,904		1,755,904
Correction of Erroneous Contribution			(1,136)	(1,136)
Current Year Contribution			317,109,810	317,109,810
Lumsum Refund Transferred to Contributors Fund/Pensioners Fund		12,145,935	(17,744,027) (12,145,935)	(17,744,027) -
Transfer to UPF Account			(1,810,802)	(1,810,802)
Pension Payment During the Year		(17,495,086)		(17,495,086)
Pensioners Fund /Contributors Fund Interest		6,153,684	189,115,287	195,268,971
<b>Balance as at 31<sup>st</sup> December 2012</b>	<b>220,253,446</b>	<b>78,674,647</b>	<b>2,432,210,621</b>	<b>2,731,138,714</b>

**Universities Pension Fund**  
**Statement of Cash Flow for the period 31<sup>st</sup> December, 2012**

	2012 (Rs)	2011 (Rs)
Cash Flow From Operating Activities		
Operating Surplus/(Deficit)	18,346,846	61,151,399
<u>Adjustments for</u>		
Investment Income	(235,596,188)	(224,093,091)
Operating Surplus/(Deficit)	(217,249,342)	(162,941,692)
<u>Change in Working Capital</u>		
(Increase )/Decrease in Contribution Receivables	(38,463,336)	(7,870,860)
(Increase)/Decrease in Interest Receivables	(15,534,805)	(75,975,507)
(Increase)/Decrease in Short Term Deposits	(5,000,000)	25,000,000
(Decrease) /Increase in Sundry Creditors	33,000	(13,239)
(Decrease) /Increase in Income Tax Payable	4,322,391	3,035,732
(Decrease) /Increase in Payment Due to Members	1,997,594	
(Decrease) /Increase in Payment Due to Uni & HEIs	64,270	
Net Cash Flow From Operating Activities	<u>(269,830,228)</u>	<u>(218,476,777)</u>
<u>Cash Flow From Financing Activities</u>		
Increase In Members and Pensioners Fund	477,083,635	341,286,337
Net Cash Flow From Financing Activities	<u>477,083,635</u>	<u>341,286,337</u>
<u>Cash Flow From Investing Activities</u>		
Purchase Of Treasury Bond	51,348,241	5,913,269
Purchase Of Fixed Deposits	(499,828,833)	(352,000,000)
Investment Income	235,596,188	224,093,091
Net Cash Flow From Investing Activities	<u>(212,884,404)</u>	<u>(121,993,640)</u>
Net Cash Flow	(5,630,997)	815,920
Cash as at 01-01-2012	6,929,521	6,113,601
Cash as at 31-12-2012	<u>1,298,524</u>	<u>6,929,521</u>



# විගණකාධිපති දෙපාර්තමේන්තුව

கணக்காய்வாளர் தலைமை சிறியதி திணைக்களம்

**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல  
My No

EC/B/PNF/FA/2012

ඔබේ අංකය  
உமது இல  
Your No.

දිනය  
திகதி  
Date

23 October 2013

Chairman  
University Grants Commission

## Report of the Auditor General on the Financial Statements of the Universities Pension Fund for the year ended 31 December 2012.

The audit of financial statements of the Universities Pension Fund for the year ended 31 December 2012 comprising the statement of financial position as at 31 December 2012 and the statement of financial performance, cash flow statement and statement of changes in equity 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. This report is issued in terms of Sub-section 12(5) of the Universities Act.

### 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. 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.

අංක 306/72 පොල්දූව පාර,  
බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி,  
பத்தரமுல்லை இலங்கை

No.306/72, Polduwa Road,  
Battaramulla, Sri Lanka

දුරකථනය  
தொலைபேசி } 2887028 -34

ෆැක්ස් අංකය  
பக்ஸ் இல } 2887223

ඉලෙක්ට්‍රොනික් තැපෑල  
#- மெயில் } oaggov@slt.net.lk  
E-mail.

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 judgment, 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. Sub-sections (3) and (4) of the Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

#### **1.4 Basis for Qualified Audit Opinion**

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

## **2. Financial Statements**

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### **2.1 Qualified Opinion**

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In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Universities Pension Fund as at 31 December 2012 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 Accounts Receivables

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A sum of Rs.32,137,660 relating to the cost of living allowances receivable by the Pension Fund from the Employees Provident Fund had not been recovered by obtaining particulars from the Universities for the period from April to December 2012.

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

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Non-compliances with laws, rules and regulations are given below.

<b>Reference to Laws, Rules, Regulations etc.</b>	<b>Non-compliance</b>
-----	-----
<p>(a) Cabinet Decision No. CP/99/0438/11/033 of 09 April 1999.</p>	<p>According to the Cabinet decision, 10 per cent out of 25 per cent being credited to the Universities Provident Fund on behalf of the officers should have been credited to the Pension Fund. However, according to the Circular No. 747 dated 10 June 1999 of the University Grants Commission, action had been taken to credit 8/15 of the 15 per cent contribution made by the employer to the Provident Fund, to the Pension Fund. Even though directives were given at the meeting of the Committee on Public Enterprises held on 07 March 2013 relating to the report of the Auditor General for the year 2011 to take action to settle this problem, action had not been taken accordingly.</p>
<p>(b) Section 97 of the Universities Act, No.16 of 1978.</p>	<p>Even though income and expenditure of the Pension Fund for the year 2012 amounting to Rs.207,724,261 and Rs.197,135,825 respectively had been brought to account, the Commission had not prepared Ordinances for regularizing , administrating and managing the Fund.</p>

- (c) Letter No. A/Establishments /2004 dated 28 January 2005 of the Commissioner General of Labour. The University Grants Commission had issued the Circular No.1000 dated 08 January 2013 by incorporating the academic allowances within in the definition of total earnings based on the concurrence of the Treasury without taking action to revise the Cabinet decision dated 23 March 2011. Action had not been taken even up to 31 December 2012 to settle a sum of Rs.248.57 million received excessively to the Pension Fund due to inclusion of academic allowances prior to issuing the above circular or to take proper action.
- (d) Circular No. 747 dated 10 June 1999 of the University Grants Commission. Even though the pension system should be evaluated once in 3 years and the contribution / payment of benefits of new members should be reviewed, the above evaluation had not been carried out after 31 December 2008.

### 3. Financial Review

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#### 3.1 Financial Results

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According to the financial statements presented, the surplus of the Fund for the year ended 31 December 2012 amounted to Rs. 10,588,436 and the corresponding surplus for the preceding year amounted to Rs. 61,151,399 and as such a deterioration of Rs.50,562,963 was observed in the financial results for the year under review as compared with the preceding year. Even though the income on investment had increased by Rs.3,744,687 the matters such as increase of payment of interest for members and pensioners accounts by Rs.50,780,030 and Rs.1,569,872 respectively and increase of adjustments for pension fund by Rs.452,266 had mainly attributed for that deterioration.

### 3.2 Analytical Financial Review

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Financial results for the year under review had decreased by Rs.50,562,963 or 83 per cent as compared with the preceding year. Key variations of income and expenditure are given below.

	2012	2011	Variance	Percentage of Variance
	-----	-----	-----	-----
	Rs.	Rs.	Rs.	%
Investment Income	227,837,778	224,093,091	3,744,687	2
Interest on Members Accounts	189,115,287	138,335,257	50,780,030	37
Interest on Pension Accounts	6,153,684	4,583,812	1,569,872	34
Adjustment for Pension Fund	1,755,904	1,303,638	452,266	35

### 4. Operating Review

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#### 4.1 Performance

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The following observations are made.

- (a) The number of pensioners receiving pensions as at end of the year under review from the Fund established on 01 September 1999 stood at 121 and the pension paid to them during the year under review amounted to Rs. 17,495,086. The credit balance available in the Pension Fund as at end of the year under review amounted to Rs. 78,674,647. It was observed that these balances are adequate for the payment of pensions only for the 4 ½ years approximately without considering the liabilities could be arisen in the ensuing years.

(b) Even though there was no balance in the private accounts of the pensioners in the year under review, sums totalling Rs.1,755,904 had been paid to 15 members as pension. Even though there was no individual balance as compared with the year 2008, number of employees to whom pension had been paid, had increased by 400 per cent and also the expenditure incurred thereon had increased by 1,105 per cent as compared with the year 2008.

#### 4.2 Management Inefficiencies

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Interest, audit fees, and bank charges had only been accounted as expenditure of the Pension Fund established for Universities through the Circular No. 747 dated 10 June 1999 of the University Grants Commission whereas other administrative and other expenditure had not been accounted under the Pension Fund.

#### 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 Chairman of the Fund from time to time. Special attention is needed in respect of the following areas of control.

- (a) Payment of pension
- (b) Evaluation of Pension System

W.P.C.Wickramaratne  
Acting Auditor General

**REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE UNIVERSITIES PENSION FUND  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2012**

Subject	Matters pointed out by the Auditor General	Comments and observations	Present position and current developments
<p><b>2.2 Comments on Financial Statements</b></p> <p><b>2.2.1 Accounts Receivables</b></p>	<p>A sum of Rs. 32,137,660 relating to the cost of living allowances receivable by the Pension Fund from the Employees Provident had not been recovered by obtaining particulars from the Universities for the period from April to December 2012.</p>	<p>Arrears amount relevant to Cost of living could be obtained from Universities Provident Fund after receiving the audited formats from Universities and other Higher Educational Institutes. We received the audited formats on 15.03.2013. At present receivable amount of Rs.32,137,660/- is already credited to Universities Pension Fund.</p>	<p>Funds for Cost of living were credited to Pension Fund by 15<sup>th</sup> March 2013.</p>
<p><b>2.2.2. Non Compliances with Laws, Rules and Regulation etc.</b></p> <p>(a) Cabinet decision No. CP/99/0438/111033 of 09 April 1999.</p>	<p>According to the Cabinet decision, 10 per cent out of the 25 per cent being credited to the Universities Provident Fund on behalf of the offers should have been credited to the Pension Fund. However, according to the Circular No. 747 of the University Grants Commission action had been taken to</p>	<p>Cabinet Memorandum regarding the revision of Pension scheme for the University employees had been send to Secretary Ministry of Higher Education on 2011/04/04 under the letter No. HE/UD/2010/34. As per the several discussions held with Secretary MOHE and General Treasury, it was instructed to</p>	<p>A Cabinet Memorandum regarding the revision of contribution to Pension Fund of the University employees were sent to the Secretary, Ministry of Higher Education on 04.04.2011. After several discussions held with Secretary, Ministry of Higher Education and General Treasury, it was instructed to prepare a suitable proposal and submit the same to the Cabinet of Ministers. Accordingly, memorandum</p>

	<p>credit 8/15 of the 15 per cent contribution made by the Employer to the Provident Fund. Even though directives were given at the meeting of the Committee on Public Enterprises held on 07 March relating to the report of the Auditor General for the year 2011 to take action to settle this problem, action had not been taken accordingly.</p>	<p>prepare a suitable proposal and forward to Minister's of Cabinet. Accordingly memorandum has been prepared and forwarded to Secretary, MOHE on 03/07/2013 and answer is being expected.</p>	<p>has been prepared and forwarded to the Secretary Ministry of Higher Education on 12.05.2014.</p>
<p>(b) Section 97 of the Universities Act. No. 16 of 1978</p>	<p>Even though income and expenditure of the Pension Fund for the 2012 amounting to Rs. 207,724,261 and Rs. 197,135,825 respectively had been brought to account, the Commission had not prepared ordinances for regularizing, administrating and managing the Fund.</p>	<p>Agreed. The ordinance is in the preparatory stage.</p>	<p>Universities Pension Scheme Ordinance has been sent to the Legal Draftsman's Department on 15/07/2014.</p>

Subject	Matters pointed out by the Auditor General	Comments and observations	Present position and current developments
<p>© Letter No. A/ Establishments /2004 dated 28 January 2005 of the Commissioner General of Labour</p>	<p>The University Grants Commission had issued the Circular No. 1000 dated 08 January 2013 by incorporating the academic allowances within in the definition of total earning based on the concurrence of the treasury without taking action to revise the Cabinet decision dated 23 March 2011. Action had not been taken over up to 31 December 2012 to settle a sum of Rs.248.57 million received excessively to the Pension Fund due to inclusion of academic allowances prior to issuing the above circular or to take proper action.</p>	<p>Computation of the contribution to the Pension Fund is done by Universities and Higher Education Institutions and Pension Fund of UGC is not involved in computation of contribution to the pension fund.</p> <p>According to the Commission Circular No.955 of 28<sup>th</sup> April 2011, from 01<sup>st</sup> May 2011 onwards, the Academic Allowance was not reckoned for computation of contribution of the Pension Fund.</p> <p>As advised by the Secretary to the Treasury, UGC has decided to consider the Academic Allowance to compute the contribution of the Pension Fund as per commission circular 1000, dated 08<sup>th</sup> January 2013.</p>	<p>The cabinet of ministers at its meeting held on 29<sup>th</sup> May 2014, approved the calculation of UPE, ETF and Gratuity on academic allowance as lawful.</p>

<p>(d) Circular No. 747 dated 10<sup>th</sup> June 1999 of the University Grants Commission</p>	<p>Even though the pension system should be evaluated once in 3 years and the contribution / payment of benefits of new members should be reviewed, the above evaluation had not been carried out after 31 December 2008.</p>	<p>Although the pension system should be evaluated as at 31.12.2011, delay was arise in selecting actuarial consultant due to decision was taken to follow competitive bidding process. However Actuarial Valuation report is prepared as at 2012/12/31 after considering the salary increments for academic &amp; non academic staff in time to time.</p>	<p>Actuarial Valuation has been done as at 31/12/2012, actions will be taken based on the recommendations given in Actuarial Valuation Report.</p>
<p><b>3. Financial Review</b> <b>3.1 Financial Results</b></p>	<p>According to the financial statements presented, the surplus of the Fund for the year ended 31 December 2012 amounted to Rs.10,588,436 and the corresponding surplus for the preceding year amounted to Rs. 61,151,399 and as such a deterioration of Rs. 50,562,963 was observed in the financial results for the year under review as compared with the preceding year. Even though the income on investment had increased by Rs. 3,744,687 the matter such as increase of payment of interest for members and pensioners accounts by Rs. 50,780,030 and Rs. 1,569,872 respectively and increase of adjustments for pension fund by Rs. 452,266 had mainly attributed for that deterioration .</p>	<p>Agreed</p>	<p>UGC agreed with the comments made on financial results of the Auditor General.</p>

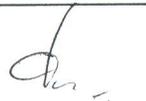
<p><b>4. Operating Review</b></p> <p><b>4.1 Performance</b></p>	<p>The number of pensioners receiving pensions as at end of the year under review from the Fund established on 01 September 1999 stood at 121 and the pension paid to them during the year under review amounted to Rs. 17,495,086. The credit balance available in the Pension Fund as at end of the year under review amounted to Rs. 78,674,647. It was observed that these balances are adequate for the payment of pensions only for the 4 ½ years approximately without considering the liabilities could be arisen in the ensuing year. Even though there were no balance in the private accounts of the pensioners in the year under review, sums totaling Rs. 1,755,904 had been paid to 15 members as pension.</p> <p>Even though there was no individual balance as compared with the year 2008, number of employees to whom pension had been paid, had increased by 400 per cent and also the expenditure incurred thereon had increased by 1,105 per cent as compared with the year 2008.</p>	<p>As per Actuarial Valuation in 1999, amount of contribution to be credited to Pension Fund was calculated. Further action will be taken after receiving new Actuarial Valuation report.</p>	<p>As per Actuarial Valuation in 1999, amount to be credited to Universities Pension Fund was calculated. Recommendations given in Actuarial Valuation Report as of 01.01.2013 were forwarded to Management Committee of UGC. Accordingly, action will be taken based on the decisions given by the Management Committee. Further, Pension Fund was established after considering total number of members. Therefore Pension Fund will expand gradually.</p>
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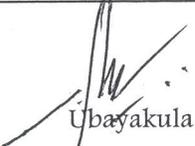
Subject	Matters pointed out by the Auditor General	Comments and observations	Present position and current developments
4.2 Management inefficiencies	Interest, Audit Fees, and Bank charges had only been accounted as expenditure of the Pension Fund established for Universities through the Circular No 747 dated 10 <sup>th</sup> June 1999 of the University Grants Commission whereas other administrative and other expenditure had not been accounted under the Pension Fund.	University Pension Fund was established under Act No 16 of 1978. According to this act, its administrative works are handled by U.G.C. Therefore administrative and other expenses are also incurred by UGC.	Universities Pension Fund was established under Act. No.16 of 1978. Accordingly administrative works are handled by UGC. Therefore administrative and other expenses are incurred by UGC.
5. System and Controls	Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Fund from time to time. Special attention is needed in respect of the following areas of control.  (a) Payment of Pension (b) Evaluation of Pension System	The system and controls of Universities Pension Fund are periodically reviewed and the necessary corrections are made.	Subject to periodic review, issue guide lines as and when necessary.



**Univerties Provident Fund**  
**Statement of Financial Position**  
**As at 31st DECEMBER 2012**

	Note	Year 2012 SLR	Year 2011 SLR
<b>Non Current Assets</b>			
Long Term Investments	01	15,612,171,387	13,581,720,288
Loans	02	4,174,979,575 ✓	4,031,338,395 ✓
		<u>19,787,150,962</u>	<u>17,613,058,683</u>
<b>Current Assets</b>			
Inventory		137,247 ✓	93,427
Interest Receivable	03	1,692,094,329 ✓	1,269,239,876
Contributions Receivable	04	133,563,334 ✓	111,913,193
Loan Installments Receivable	05	28,831,961 ✓	23,218,056 ✓
Other Advance		1,000 ✓	1,000
Cash & Cash equivalents	06	5,107,417 ✓	13,435,521
		<u>1,859,735,288</u>	<u>1,417,901,073</u>
<b>Less.- Current Liabilities</b>			
Tax		123,550,316 ✓	103,109,648
Creditors	07	429,456 ✓	405,886
Refunds Payable	08	20,732,015 ✓	20,107,753
Payables on Cost of Living Allowance		270,399,312	0
Stamp duty payable		37,050 ✓	19,075
		<u>415,148,149</u>	<u>123,642,362</u>
<b>Net Current Assets</b>		<b>1,444,587,139</b>	<b>1,294,258,711</b>
<b>Total Net Assets</b>		<b>21,231,738,101</b>	<b>18,907,317,394</b>
<b>Represented by</b>			
Member balances	09	20,832,082,627	18,501,983,566
Provision for inactive members A/Cs		3,000,000	8,000,000
Interest Rates Equalization Reserve		0	281,650,220
Retained Profit		396,655,475	115,683,608
<b>Net worth of the Fund</b>		<b>21,231,738,102</b>	<b>18,907,317,394</b>

  
Tissa Nandasena  
Secretary

  
Ubayakula Ranaweera  
Accountant



**Universities Provident Fund**  
**Statement of Financial Performance**  
**For the year ended 31st December 2012**

	Note	Year 2012 SLR	Year 2011 SLR
<b>INCOME</b>			
Investment Income	10	1,751,025,815 ✓	1,560,635,215
Less:- Income Tax		(140,091,507) ✓	(124,850,817)
<b>Total Gross Income</b>		<b>1,610,934,308</b>	<b>1,435,784,398</b>
Operating Expenditure	11	(123,770) ✓	(175,141)
<b>Profit from Operations</b>		<b>1,610,810,538</b>	<b>1,435,609,257</b>
<b>Add :- Reversal of Reserves</b>			
Interest rate Equalization Reserve		281,650,220 ✓	(144,706,452)
Provision for inactive Members		5,000,000 ✓	(3,000,000)
Adjustments to the Income		9,030,091 ✓	8,650,171
Retained profit of the previous year		115,683,608 ✓	69,847,336
<b>Distributable Income</b>		<b>2,022,174,457</b>	<b>1,366,400,312</b>
Interest on member balances	12	(1,623,471,262) ✓	(1,247,223,701)
Interest for inactive A/Cs		(2,047,720) ✓	(3,493,003)
<b>Carried forward balance</b>		<b>396,655,475</b>	<b>115,683,608</b>



**Universities Provident Fund**  
**Cash Flow Statement**  
**For the year ended 31st December 2012**

	Year 2012 SLR	Year 2011 SLR
<b>Cash Flow from Operating Activities</b>		
Income from Investments	1,751,025,815	1,560,635,215
Interest Credited to Members Accounts	(1,625,518,982)	(1,250,716,704)
Other Payments	(123,770)	(175,141)
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	<b>125,383,063</b>	<b>309,743,370</b>
<b>(Increase) Decrease in Assets</b>		
Stocks	(43,820)	1,322
Contributions Receivable	(21,650,141)	(28,500,259)
Loan Installments Receivable	(5,613,905)	(2,875,536)
Interest Receivable	(422,854,453)	(400,374,900)
Universities Provident Fund Loan	(143,641,180)	(232,578,936)
<b>Increase (Decrease) in Liabilities</b>		
Payables on Cost of Living Allowance	270,399,312	
Creditors	23,570	151,342
Unpaid Refunds	624,262	3,382,331
Stamp Duty	17,975	(15,375)
	<b>(322,738,380)</b>	<b>(660,810,011)</b>
<b>Net Cash flow from Operating Activities before Tax</b>	<b>(197,355,317)</b>	<b>(351,066,641)</b>
Income Tax Paid During the Year	(119,650,840)	(131,655,503)
	<b>(317,006,157)</b>	<b>(482,722,144)</b>
<b>Cash Flow from Investment Activities</b>		
Treasury Bonds	2,886,249,517	(484,925,065)
Premium Bonds	4,999,384	0
Fixed Deposits	(4,921,700,000)	(595,870,000)
<b>Net Cash flow from Investment Activities</b>	<b>(2,347,457,256)</b>	<b>(1,080,795,065)</b>
<b>Cash Flow from Financial Activities</b>		
Increase in Members Balance	2,330,099,061	1,595,345,513
Adjustments to Income	9,030,091	8,650,171
<b>Net cash flow from financing activities</b>	<b>2,339,129,152</b>	<b>1,603,995,684</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>(8,328,104)</b>	<b>40,478,475</b>
Cash & Cash Equivalent at the Beginning of the Year	13,435,521	(27,042,954)
<b>Cash &amp; Cash Equivalent at the End of the Year</b>	<b>5,107,417</b>	<b>13,435,521</b>

Note-06



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கணக்காய்வாளர் துறைமை அறியாதி திணைக்களம்

**AUDITOR GENERAL'S DEPARTMENT**



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எனது இல }  
My No } EC/B/UPF/FA/2012

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உமது இல }  
Your No. }

දිනය }  
திகதி } 16 January 2014  
Date }

Chairman,  
University Grants Commission



**Report of the Auditor General on the Financial Statements of the Universities  
Provident Fund for the year ended 31 December 2012**

Reference to my letter of even number dated 11 October 2013 on the above subject.

02. The English version of the above mentioned report is sent herewith.

  
H.A.S. Samaraweera  
Auditor General.

- Copies to :
01. Secretary , Ministry of Higher Education
  02. Secretary, Ministry of Finance and Planning

අංක 306/72 පොල්දූව පාර,  
බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி,  
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# විගණකාධිපති දෙපාර්තමේන්තුව

கணக்காய்வாளர் துறைமை அறிப்பதி திணைக்களம்

**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல  
My No

EC/B/UPF/FA/2012

ඔබේ අංකය  
உமது இல  
Your No.

දිනය  
திகதி  
Date

11 October 2013

Chairman,

University Grants Commission

## Report of the Auditor General on the Financial Statements of the Universities

### Provident Fund for the year ended 31 December 2012

The audit of financial statements of the Universities Provident Fund for the year ended 31 December 2012 comprising the statement of financial position as at 31 December 2012, statement of financial performance, 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. This report was issued in terms of sub section 12(5) of the Universities Act.

### 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 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. 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 judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In

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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. 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.

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

#### **1.4 Basis for Qualified Audit Opinion**

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

### **2. Financial Statements**

#### **2.1 Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Universities Provident Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

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

##### **2.2.1 Sri Lanka Public Sector Accounting Standards.**

In terms of Public Sector Accounting Standard No.01, the statement of changes in Equity which should be furnished along with the financial statements had not been furnished.

### **2.2.2 Accounting Deficiencies**

The following matters were observed

- a. The Universities Provident Fund balance as at 31 December 2012 amounted to Rs.20,832,082,627. The unidentified balance included in that balance amounting to **Rs.6,851,305 had not been identified and the adjustment had not been made in the relevant accounts.**
- b. A Sum of Rs.05 million had been taken in to revenue as reserves during the year from the balance of Non-performing Membership Reserve Account amounting to Rs.8,000,000 as at 01 January 2012 without proper approval.
- c. Out of the Rs.500 million received for the Universities Provident Fund Account to settle the cost of living allowance, a sum of Rs.270.4 million had been computed as cost of living allowance outstanding and brought to account as payables without crediting to the Membership Accounts of the Universities Provident Fund.

### **2.2.3 Accounts payable.**

The following observations are made

- a. The balance of refunds payable of Provident Fund of Rs.20,732,055 had made from the total of unclaimed membership funds though the services were terminated. The cheques drawn for these balances had been cancelled and action had not been taken in respect of the out dated cheques valued at Rs.19,437,750 remained 01 year to 11 years in terms of Section 93 of the Universities Act. It was observed that interest is being credited to the members account instead of being credited to the Government revenue.
- b. The age analysis of the creditors balances aggregating Rs.41,600 as at the end of the year under review had been ranged from 03 years to 09 years.

#### **2.2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions.**

The following non - compliances were observed.

<b><u>Reference to laws, Rules etc.</u></b>	<b><u>Non-compliance</u></b>
a. Decision of the Cabinet of Ministers dated 23 March 2011	The academic allowance had been included with the definition of total earnings by the University Grants Commission with the concurrence of the Treasury and issued the Circular No.1000 dated 08 January 2013 without taking action to revise the Decision of the Cabinet of Ministers dated 23 March 2011. Before issuing the circular, the academic allowance had been included, and as such contributions amounting to Rs.217.49 million had received in excess to the Provident Fund. Action had not been taken either to set off the contribution or to take proper action.
b. Section 91 of the Universities Act No.16 of 1978	Even though income and expenditure of the Provident Fund had been brought to account in the year 2012 amounting to Rs.1,610,934,308 and Rs.1,625,642,752 respectively the Commission had not made ordinances for the regularization, administration and management of the Fund.

c. Finance Circular No 3/2001 of the University Grants Commission dated 02 February 2001

Even though provident fund contributions for the relevant month should be received by the University Grants Commission before 10<sup>th</sup> of the following month or as at that date, it was revealed that proper method had not been followed to identify that all the cheques relating to the month had been received on due dates, and the cheques had been banked without a delay.

### **3. Financial Review**

#### **3.1 Financial Results**

According to the financial statement presented, the net income of the Fund available for distribution as at 31 December 2012 amounted to Rs.2,022,174,457 as compared with the net income available for distribution in the preceding year amounting to Rs.1,366,400,312. The increase of the financial result for the year under review as compared with the preceding year by a sum of Rs.655,774,145 had been mainly due to increase of income from investments by a sum of Rs.190,390,600 and re-brought the income from Interest Rate Equalization Account non-performing membership account by a sum of Rs.281,650,220 and Rs.5,000,000 respectively.

### **4. Operating Review**

#### **4.1 Performance**

Expenditure on interest, audit fees, bank charges and stationery only had been brought to account under Provident Fund established for universities by the Universities Act No.16 of 1978 while expenditure on administration and others had not been brought to account under the Provident Fund

5. **Accountability and Good Governance**

5.1 **Action Plan**

This Fund had been established under the University Grants Commission. The planned activities relating to the Universities Provident Fund had been shown in the action plan of University Grants Commission. Even though it had been planned to establish and implement a medical insurance scheme in the action plan for 2011/2012, such activity had not been implemented up to 31 December 2012.

6. **Systems and controls**

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

- i. Receipts and Release of the Membership Fees.
- ii. Cash and Bank

H.A.S.Samaraweera  
Auditor General

**Report of the Auditor General on the Financial Statements of the Universities Provident Fund**

**for the year ended 31 December 2012**

	Reference	Matters Pointed out by the Auditor General	Replies and Comments referred to Auditor General	Present Position of the Action taken as at 15.07.2014
2.2.	Comments on Financial Statements			
2.2.1	Sri Lanka Public Sector Accounting Standards.	In terms of Public Sector Accounting Standard No.01, the statement of changes in Equity which should be furnished along with the financial statements had not been furnished.	Action would be taken to furnish the Statement of Changes in Equity with the financial statements of the year 2013, according to the Public Sector Accounting Standards.	Statement of changes in Equity has been submitted with the Final accounts of the year 2013.
2.2.2	Accounting Deficiencies	<p>The following matters were observed</p> <p>(a) The Universities Provident Fund balance as at 31 December 2012 amounted to Rs.20,832,082,627. The unidentified balance included in that balance amounting to Rs.6,851,305 had not been identified and the adjustment had not been made in the relevant accounts.</p>	<p>(a) Unidentified Balance of Rs.6,851,305 Investigations are being carried out by a committee appointed in this connection.</p>	<p>As per the recommendation of the Committee the unidentified member balances has been transferred to "Unclaimed Benefits Reserve" due to the following reasons.</p> <ul style="list-style-type: none"> <li>• Before 1974 University Provident Fund was managed by the individual Universities/Institutes. In 1974 it was amalgamated as Universities Provident Fund by the Senate House. The said unidentified balance was created as a result of the amalgamation.</li> </ul>

Reference	Matters Pointed out by the Auditor General	Replies and Comments referred to Auditor General	Present Position of the Action taken as at 15.07.2014
	<p>(b) A Sum of Rs.05 million had been taken in to revenue as reserves during the year from the balance of Non-performing Membership Reserve Account amounting to Rs.8,000,000 as at 01 January 2012 without proper approval.</p> <p>(c) Out of the Rs.500 million received for the Universities Provident Fund Account to settle the cost of living allowance, a sum of Rs.270.4 million had been computed as cost of living allowance outstanding and brought to account as payables without crediting to the Membership Accounts of the Universities Provident Fund.</p>	<p>(b) <u>Non-performing Membership Reserve Account of Rs.8,000,000</u> As final accounts are furnished to the Commission for approval and these matters are also subjected to that approval.</p> <p>(c) <u>Outstanding Cost of Living allowance payable of Rs.270.4 Million</u> After computation of outstanding Provident Fund Contribution Payable on cost of living allowance and audited by the Universities and send us only we are crediting those to membership accounts.</p>	<ul style="list-style-type: none"> <li>• As such unidentified member balance has to be used to make refunds related to the above period.</li> <li>• As per the section 17.3 of the EPF Act No. 15 of 1958, provisions of the "Prescription Ordinance" shall not apply for the UPF. Therefore the said balance cannot be taken to the income.</li> </ul> <p>All the adjustments with relevant to the Final Accounts are submitted to the University Grants Commission for approval. Accordingly the Final Accounts for the year was submitted and approved at the 87<sup>th</sup> Commission meeting held on 21.03.2013.</p> <p>The arrears contributions on COLA has been credited to members accounts during the year 2013 also according to the calculation received from HEIs. The balance payable as at 31.12.2013 is Rs.153.3 mn.</p>

Reference	Matters Pointed out by the Auditor General	Replies and Comments referred to Auditor General	Present Position of the Action taken as at 15.07.2014
2.2.3	<p>The following observations are made</p> <p>(a) The balance of refunds payable of Provident Fund of Rs. 20,732,055 had made from the total of unclaimed membership funds through the services were terminated. The cheques drawn for these balances had been cancelled and action had not been taken in respect of the out dated cheques valued at Rs. 19,437,750 remained 01 year to 11 years in terms of Section 93 of the Universities Act. It was observed that interest is being credited to the members account instead of being credited to the Government revenue.</p> <p>(b) The age analysis of the creditors balances aggregating Rs.41,600 as at the end of the year under review had been ranged from 03 years to 09 years.</p>	<p>(a) Not agreed</p> <p>Actions have been taken to pay the balance and the interest thereon at the time of the close of the account regarding the unclaimed balances in terms of the Section 93(1) of Universities Act. But of the member has not claimed, the interest is not calculated from the closing date of the account while the interest has not been credited to the member's account or Government revenue.</p> <p>(b) Action would be taken or write off the balance amounting to Rs. 41,600 in the year 2013.</p>	<p>Unclaimed Refund Balance amounting to Rs. 20.7 m is lying in accounts since details of bank accounts has not been submitted by the relevant members. In terms of section 17.3 of the EPF Act No. 15 of 1958. The provisions of Prescription Ordinance shall not apply to the UPF. Therefore the said unpaid refunds cannot be credited to the income. And has to be paid at the request of the members or heirs.</p> <p>Written back to the income in 2013 with the recommendation of the Audit Committee.</p>

Reference	Matters Pointed out by the Auditor General	Replies and Comments referred to Auditor General	Present Position of the Action taken as at 15.07.2014
2.2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions.	<p>The following non - compliances were observed.</p> <p><b>Reference to laws, Rules etc.</b></p> <p>-----</p> <p>(a) Decision of the Cabinet of Ministers dated 23 March 2011</p> <p>-----</p> <p>The academic allowance had been included with the definition of total earnings by the University Grants Commission with the concurrence of the Treasury and issued the Circular No.1000 dated 08 January 2013 without taking action to revise the Decision of the Cabinet of Ministers dated 23 March 2011. Before issuing the circular, the academic allowance had been included, and as such contributions amounting to Rs.217.49 million had received in excess to the Provident Fund. Action had not been taken either to set off the contribution or to take proper action.</p>	<p>(a) A cabinet paper had been prepared for covering all the matters above, and submitted for the approval of the University Grants Commission.</p>	<p>The Cabinet of Ministers approved the computation of UPF, ETF and Gratuity on Academic Allowance at their meeting held on 23<sup>rd</sup> May, 2014.</p>

Reference	Matters Pointed out by the Auditor General	Replies and Comments referred to Auditor General	Present Position of the Action taken as at 15.07.2014
	<p>(b) Section 91 of the Universities Act No.16 of 1978</p> <p><b>Ordinance</b></p> <p>Even though income and expenditure of the Provident Fund had been brought to account in the year 2012 amounting to Rs.1,610,934,308 and Rs.1,625,642,752 respectively the Commission had not made ordinances for the regularization, administration and management of the Fund.</p> <p>Reference to laws, Rules etc.</p> <p>-----</p> <p>Non-compliance</p> <p>-----</p> <p>Commission had not made ordinance for the regulation, administration and management of the Fund.</p>	<p>(b) Draft Ordinance had been prepared and sent to the Attorney General's Department.</p>	<p>Under observations of the department of the Legal Draftsman.</p> <p>The Department of Legal Draftsman has sent the amended draft on 07.07.2014 and University Grants Commission has sent comments on 09.07.2014.</p>
<p>(c) Finance Circular No 3/2001 of the University Grants Commission dated 02 February 2001</p>	<p>Even though provident fund contributions for the relevant month should be received by the University Grants Commission before 10<sup>th</sup> of the following month or as at that date, it was revealed that proper method had not been</p>	<p>(c) <b>Finance Circular No 3/2001</b></p> <p>Action had been taken to send cheques before 10<sup>th</sup> of the month following on Provident Fund Contributions and Settlement of Loans for the relevant month by the Universities and the Higher Educational Institutions in terms of</p>	<p>The actions had already been taken to receive the UPF contributions before 10<sup>th</sup> of the following month. Accordingly 99.6% has been received promptly. There is a 5 days delay in about 0.4% receipts due to postal delays.</p>

Reference	Matters Pointed out by the Auditor General	Replies and Comments referred to Auditor General	Present Position of the Action taken as at 15.07.2014
	followed to identify that all the cheques relating to the month had been received on due dates, and the cheques had been banked without a delay.	the Circulars and the regular follow-up actions are being taken in this regard. Further, the cheques received by the Provident Fund before 11 a.m. are banked on same day and cheques received after 11 a.m. are banked next day compulsorily. A regular method is followed with a supervision of an officer.	At present the cheques received by the Provident Fund before 3.00 p.m. are banked on same day and cheques received after 3.00 p.m. are banked next day compulsorily. A regular method is followed with the supervision of an officer.
3.	According to the financial statement presented, the net income of the Fund available for distribution as at 31 <sup>st</sup> December 2012 amounted to Rs.2,022,174,457/- as compared with the net income available for distribution in the preceding year amounting to Rs.1,366,400,312/-. The increase of the financial result for the year under review as compared with the preceding year by a sum of Rs.655,774,145/- had been mainly due to increase of income from investments by a sum of Rs.190,390,600/- and re-brought the income from Interest Rate Equalization Account non-performing membership account by a sum of Rs.281,650,220/- and Rs.5,000,000/- respectively.	Agreed	
4. 4.1	Expenditure on interest, audit fees, bank charges and stationery only had been brought to account under Provident Fund established for universities by the Universities Act. No.16 of 1978 while expenditure on administration and others had not been brought To account under the Provident Fund.	The Universities Provident Fund had been established by the Universities Act. No.16 of 1978 and according to that, the administrative functions of the fund has to be carried out by the University Grants Commission and as such the administrative and other expenses are incurred by the University Grants Commission.	The Universities Provident Fund had been established by the Universities Act. No.16 of 1978 and accordingly the administrative functions of the Fund has to be carried out by the University Grants Commission. Therefore the administrative and other expenses are incurred by the UGC.

Reference	Matters Pointed out by the Auditor General	Replies and Comments referred to Auditor General	Present Position of the Action taken as at 15.07.2014
5. <u>Accountability and Good Governance</u> 5.1 <u>Action Plan</u>	This Fund had been established under the University Grants Commission. The planned activities relating to the Universities Provident Fund had been shown in the action plan of University Grants Commission. Even though it had been planned to establish and implement a medical insurance scheme in the action plan for 2011/2012, such activity had not been implemented up to 31 December 2012.	Actions are being taken at present to commence a Medical Insurance Scheme for the employees under the Universities Provident Fund.	As per the recommendations of the committee appointed to implement the proposed Health Insurance Scheme following actions had been taken by the UGC.  1. A Medical Insurance scheme is being developed to implement the proposed scheme by September/October 2014.  2. It has scheduled to discuss the present scheme with the unions
6. System and Controls	The deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Fund from time to time. Special attention is needed in respect of the following areas of control.  i. Receipts and Release of the Membership Fees.  ii. Cash and Bank	(i) Releasing Contribution and refunds Actions have been taken in terms of the provisions of the Universities Act No.. 16 of 1978.  (ii) We kindly inform that the functions of cash and bank have been carried out properly.	Receipts of Contributions, release of Refunds & Banking activities are carried out properly.