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சமுத்திர பல்கலைக்கழகம்  
**The Ocean University of Sri Lanka**

**2016**

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வருடாந்த அறிக்கை  
**ANNUAL REPORT**



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திறன்கள் அபிவிருத்தி மற்றும் தொழிற்பயிசி அமைச்சு  
**Ministry of Skills Development and Vocational Training**



# **Annual Report and Accounts**

## **Ocean University of Sri Lanka**



**2016**

**Ministry of Skills Development and Vocational Training**

No 15, Crow Island, Mattakkuliya, Colombo 15.

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## **01. Message of the Vice Chancellor**

2016 is a remarkable year for the Ocean University of Sri Lanka since it passed one year as a University after transforming from National Institute of Fisheries and Nautical Engineering. All the Divisions existed in the NIFNE have been demonstrated a developed transmission under Ocean University of Sri Lanka in this year. Comparing the past years the effective facts of increased the student enrolment, registration for the special degrees and presented the students research papers for various scientific workshops in Sri Lanka enhance the quality of the Higher Education Division.

Similarly, discussions are being initiated to establish the Ocean University as a fully equipped University premise under KOICA project of the government of Korea.

Actions have been taken to prepare National Competency Standards (NCS) and syllabuses for 13 courses in the Training Division and upgrade the qualities. Further wish to inform that awarding the certificates of fishing boats driving which required to issue the qualified certificates for fishing boat driver license is also important event that has taken towards the national economy.

Furthermore, the initial steps have been taken to build the permanent buildings for the regional centers in Kalutara, Galle which are already being conducted under tax basis and develop the infrastructure facilities to enhance the vocational training sector.

I feel that certain development activities within the year in procurement, transport, maintenance, human resources and constructions in Administration sector provides immense contribution to institutional enhancement.

Likewise the Internal Audit Division holds the queries to provide a meaningful support to the good governance during this year.

The qualified Audit opinion of the Auditor General for the final account pointed out that the Financial Division conducts a good financial situation in the Institution.

The wide ranging support of all the Divisions in the year 2016 assists the Ocean University of Sri Lanka to a successful journey and I wish to note that actions will be taken in future to direct the children in the country to a qualified, effective and efficient educational service.

**Thilak Dharmarathne**

Vice Chancellor

Ocean University of Sri Lanka

## **02. Governing Council and the composition**

01. Mr. P. Ranepura
  - Secretary, Ministry of Skills Development and Vocational Training
02. Mr. L.P. Jayamapathy
  - Secretary, Ministry of Port and Naval
03. Mr. Anuradha Wijekoon
  - Additional Secretary, Ministry of Higher Education and High Ways
04. Mr. S.A.C. Silva
  - Member
05. Mr. A.P.D. Silva
  - Member
06. Mr. E.A.S.K. Edirisingha
  - Member
07. Dr. A.U.C. Atukorala
  - Chairman, National Apprentices and Industrial Training Authority
08. Dr. Anil Premarathna
  - Chairman, National Aquatic Resources, Researches and Development Agency
09. Major General Gamini Hettiarachchi
  - Chairman Sri Lanka Vocational Training Authority
10. Mr. N.B.M. Ranathunga
  - Director General, Ministry of Fisheries and Aquatic Resources
11. Mrs. Malkanthi Jayawardhana
  - Director General, Tertiary and Vocational Education Commission
12. Mr. R.M. Wijesingha Banda
  - Director, Department of State Entrepreneurs
13. Mrs. Himali Atahudage
  - Director, Ministry of Science, Technology and Researches

### **03. Academic Board and the composition of the Ocean University**

01. Mr. Tilak Dharmaratne,
  - Vice Chancellor - The Ocean University of Sri Lanka
02. Mr. Hemantha Rathnayaka
  - Registrar - The Ocean University of Sri Lanka
03. Dr. M.F.M. Fairoz,
  - Academic Head, Marine Science Degree Course - The Ocean University of Sri Lanka
04. Dr. Jayasanka Senevirathna,
  - Academic Head, Colombo - The Ocean University of Sri Lanka
05. Dr. Ranjan Perera,
  - Academic Head - Naval Engineering Degree Course - The Ocean University of Sri Lanka
06. Dr. Champa Amarasiri,
  - Academic Consultant - The Ocean University of Sri Lanka
07. Mr. P.U.I. Perera
  - Director (Training) - The Ocean University of Sri Lanka
08. Dr. M.P.Kumara,
  - Senior Lecturer - The Ocean University of Sri Lanka
09. Mrs. Nishanthi Perera,
  - Academic Consultant - The Ocean University of Sri Lanka

## **04. Inception, Expansion, Vision, Mission and the Objectives of the Institution**

### **Inception and expansion of the Institution**

The gradual expansion of the National Institute of Fisheries and Nautical Engineering which pioneered the role of functions of the skilled human resources development in the fisheries sector in Sri Lanka was incepted in regions of Tangalle, Batticaloa and Jaffna in the year 1963 and subsequently to Mattakkuliya in the year 1975 and to Trincomalee area in the year 1993 expanding the establishment of fisheries training centers up to 6 in number. This institute was established as the National Institute of Fisheries and Nautical Engineering with effect from 20<sup>th</sup> December 1999 by the National Institute of Fisheries and Nautical Engineering Act. Further two new Fisheries and Nautical Engineering Colleges were established in Galle district and Kalutara North in the year 2006 and 2009 respectively. The vision and mission of the Institute thus established is led in performing the creation of skilled professionals in the fisheries sector.

Although in pursuant to the provision of the Act, the degrees were awarded in order to offer excellences to the fields of Fisheries and Nautical, it has been suspended due to some practical inconveniences. Yet, since the year 2010, actions have been taken to commence and conduct the new degree courses by accreditation them. In order to proceed the educational and training activities, actions have been taken to appoint an Academic Board on the vivid foundations basis and to achieve aimed targets.

### **Vision**

To be a leader in Human Resources Development of the Fisheries, Marine Science and Nautical Sector in South Asian Region.

### **Mission**

To conduct educational and training programs comprised of modern technological methods with a view to fulfill the present and future human resources requirements in the fields of Fisheries, Nautical and Marine Science.

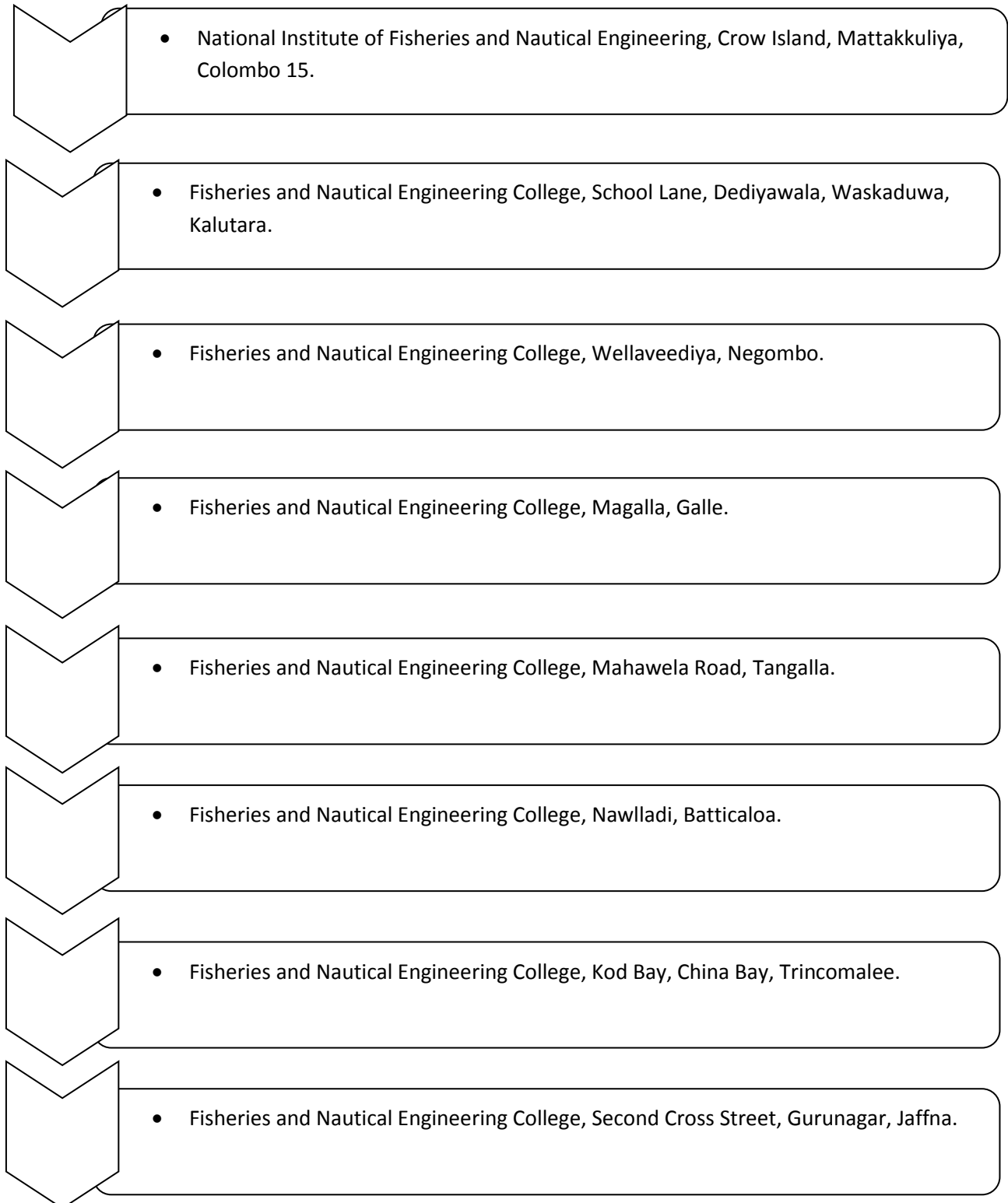
## **Objectives**

1. Formulation of educational and training programs in Fisheries and Nautical Engineering Technology aiming to improve the technical and management skills of the people engaged in the fisheries sector and the nautical sector and those who are expecting to engage in those sectors.
2. Provision of educational courses and training programs in the Fisheries and Nautical Engineering sector for awarding certificates, diplomas and other Academic excellences.
3. Conduct and take actions to hold discussions in relation to the education of Fisheries and Nautical Engineering Technology with the assistance of National and International organizations.
4. Conduct or promote the conduction of researches, surveys and investigations in relation to the education and extension training of the Fisheries and Nautical Engineering sector.
5. Work cooperatively with the ways and means of mutual exchange of teachers and students with the Sri Lankan or foreign institutions, which has the similar institutional objectives.



## **05. Ocean University - its functions and services contribution**

Eight Colleges of Fisheries and Nautical Engineering have been established and function in the following areas as pilot centers in the Human Resources Development Process of the Fisheries sector under the National Institute of Fisheries and Nautical Engineering.

- 
- National Institute of Fisheries and Nautical Engineering, Crow Island, Mattakkuliya, Colombo 15.
  - Fisheries and Nautical Engineering College, School Lane, Dediya, Waskaduwa, Kalutara.
  - Fisheries and Nautical Engineering College, Wellaveediya, Negombo.
  - Fisheries and Nautical Engineering College, Magalla, Galle.
  - Fisheries and Nautical Engineering College, Mahawela Road, Tangalla.
  - Fisheries and Nautical Engineering College, Nawlladi, Batticaloa.
  - Fisheries and Nautical Engineering College, Kod Bay, China Bay, Trincomalee.
  - Fisheries and Nautical Engineering College, Second Cross Street, Gurunagar, Jaffna.

## **Contribution of Service**

In the process of Human Resources Development of the Fisheries and Nautical Engineering Sector,

Services are provided by the Colleges of Fisheries and Nautical Engineering, considering the following as the targeted group of the institute.

- Those engaged in the Fisheries and Nautical sector.
- New entrants to the Fisheries industry and Nautical Engineering sector.
- Those expecting to enter into the Fisheries and Nautical Engineering sector.
- Teaching staff and instructors who teach fisheries and nautical engineering subject

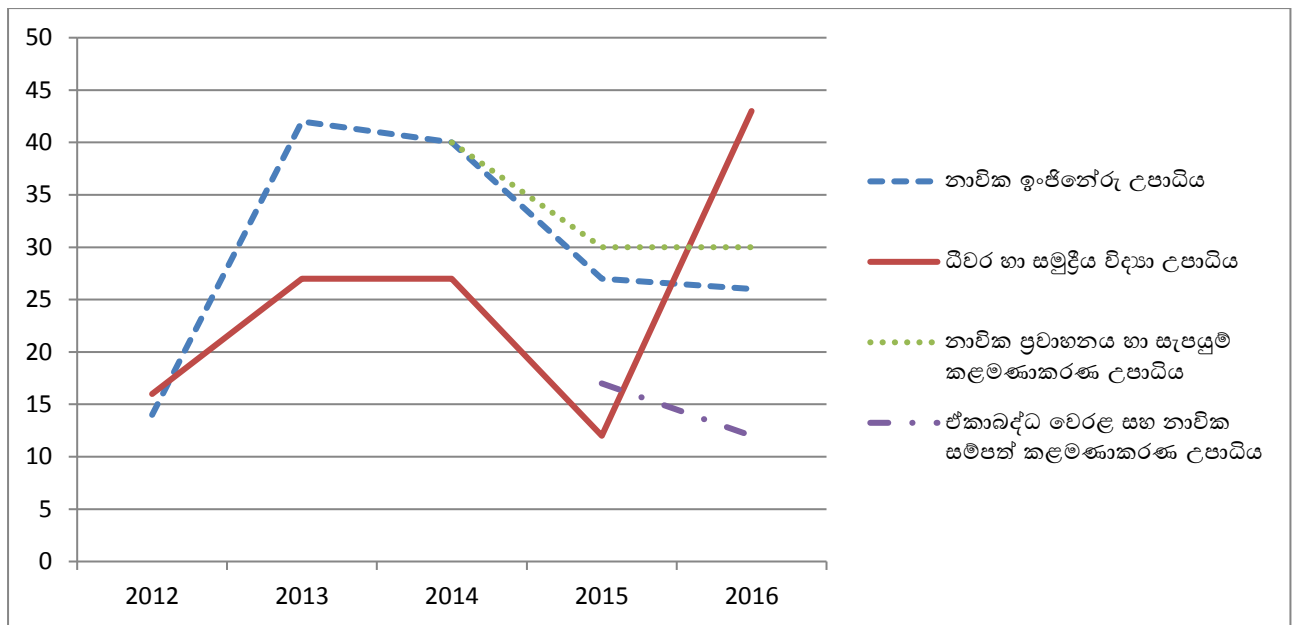
## **06. Higher Academic Division**

At present the Higher Academic Division conducts 04 degree courses as Fisheries and Marine Sciences, Marine Engineering, Integrated Coastal and Marine Resources Management and Maritime Transport and Logistics Management. Out of these Fisheries and Marine Sciences Degree is being conducted in the Fisheries and Marine Sciences Faculty in Thangalla and other degree programmes are being conducted in the Ocean University of Mattakkuliya. Fees were charged for the degree courses conducted so far and the approval of the Cabinet of Ministers has been given to conduct the courses with free of charge with effect from next year. Accordingly, it has planned to recruit the students on Z - Score basis from coming year.

Table – No 2: Annual student enrolment

<b>BSc Program</b>	<b>Number of Students</b>				
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Marine Engineering (BSc; 04 Year)	14	42	40	27	26
Fisheries and Marine Sciences (BSc; 03 Year)	16	27	27	12	43
Maritime Transport and Logistics Management (BSc; 03 Year)	N/A	N/A	40	30	30
Integrated Coastal and Marine Resource Management (BSc; 03 Year)	N/A	N/A	N/A	17	12

## Annual Student enrolment



**Table - No 2 Number of students who followed Special Degree**

Special degree	Number of students
Fisheries and Marine Sciences Degree	04

**Table No – 3 Number of students graduated in 2016**

Special degree	Number of students
Fisheries and marine Science (Special)	49
Marine Engineering (Special)	56

**Table 4 - Permanent staff of the Fisheries and Marine Sciences Faculty in the Ocean University of Sri Lanka**

<p><b>Senior Lecturers</b></p> <p>Dr. M P Kumara - BSc (Hons) (Ruhuna, SL), PhD (Edinburgh Napier, UK)</p> <p>Dr. M F M Fairoz - BSc, MPhil (Ruhuna, Sri Lanka), DSc (Shizuoka, Japan)</p>
<p><b>Lecturers</b></p> <p>Mr. T.W.S. Warnasooriya BSc. (Hons)(Ruhuna Sri Lanka), MSc (Colombo , Sri Lanka)</p> <p>Mr. N P G Pushpitha - BSc, MPhil (Ruhuna, SL)</p> <p>Ms. Lanka Wickremasinghe - BSc (Hons) (Ruhuna, SL), MSc (Vrije, Belgium)</p>

Ms. S. N. Dushani - BSc (Hons) (Ruhuna, SL), MSc (Tromso, Norway)

Ms. B. A. N. Indika - BSc (Hons) (Ruhuna, SL), MSc (Reading)

Mr. W. A. A. U. Kumara - BSc (Hons) (Ruhuna, SL), MSc (James Cook, Australia)

Ms. Erandi Pathirana - BSc (Peradeniya, Sri Lanka), MSc (Osaka, Japan), DCSD (NIBM, Sri Lanka)

Ms. M. I. U. Manikarachchi - BSc (Hons) (Ruhuna, Sri Lanka)

### **Interim Academic Council**

The Interim Academic Council has taken several important decisions to make decisions and to solve the issues in respect of the Academic affairs of the University. Out of them mandatory the student attendance in 80 % to the lectures, calculate the results of semester examinations as per the other University procedures, are important decisions.

### **Progress**

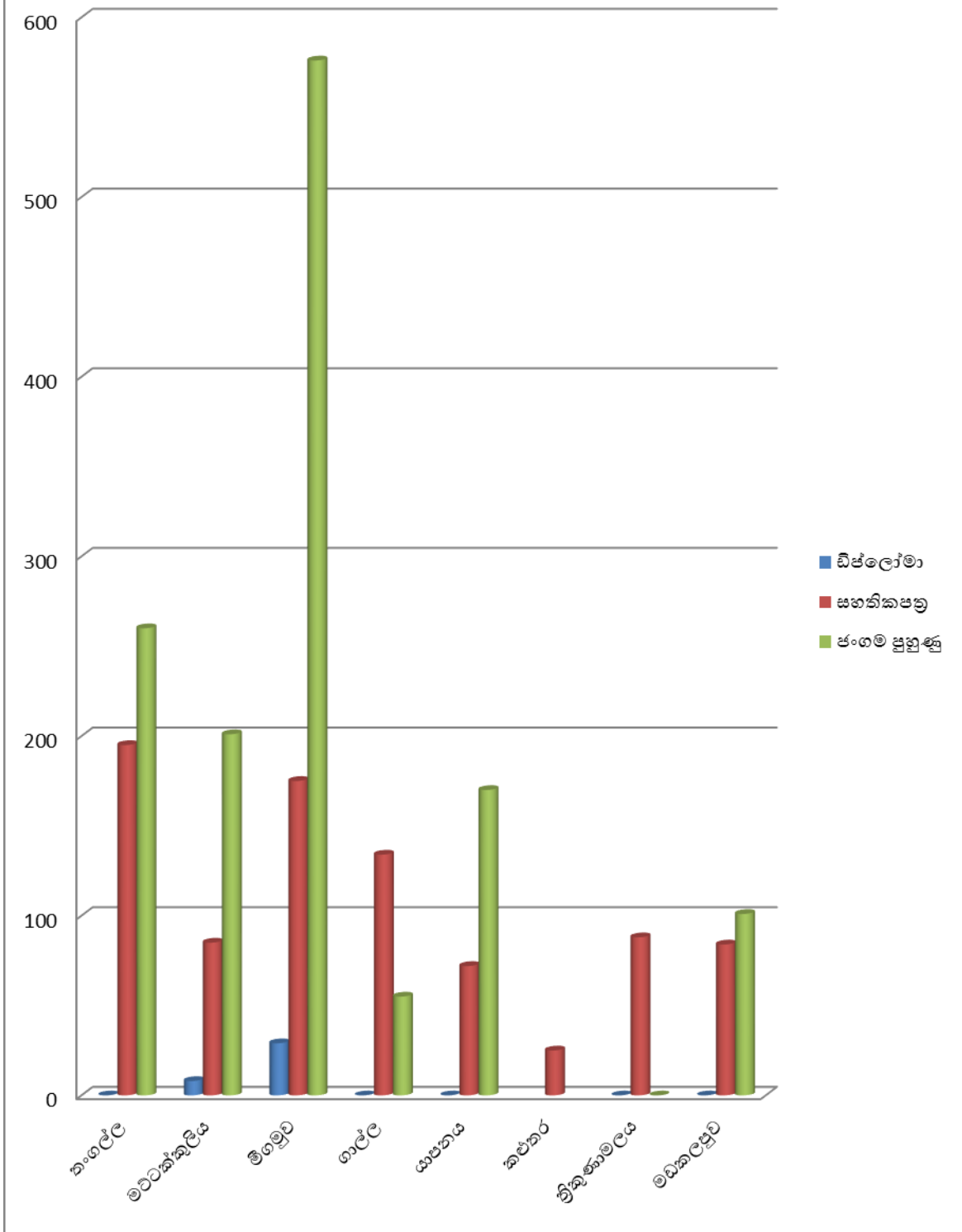
- The student enrolment was in an up level and also the registration for special degree also in a up level.
- Number of special programmes were implemented to promote the image of the Institute in view of increasing the number of students. Out of them the educational exhibition “Karadiya Waruna” gave an immense publicity to the Institution through aware the students community and the people.
- Commence the discussions required to obtain the sponsorship of KOICA under the government of Korea to improve the buildings and the other infrastructure facilities required to conduct the degree courses. Actions have been taken to obtain the assistance to build a complete University premise through this project.
- Able to present around 25 researches carried out by the students to the various scientific conferences.
- Developed the laboratories, lecture halls and libraries facilities under infrastructure developments.

## 07. Training Division

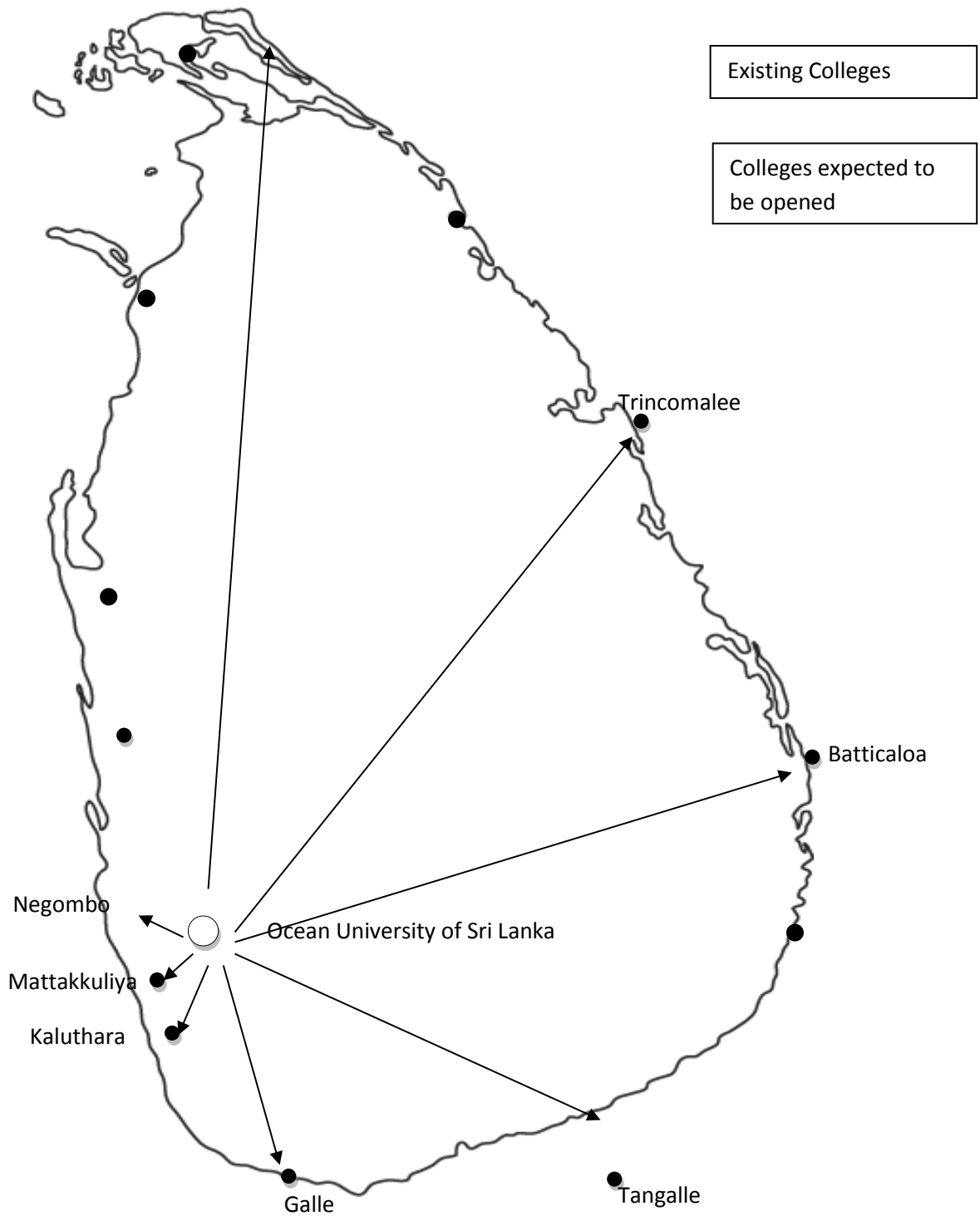
The number of student participated for the courses conducted in 08 regional colleges of the Ocean University during the year 2016 is as follows.

<i>Regional Centre</i>	<i>Course</i>	<i>Number of students</i>
Thangalla	Diploma	-
	Certificate	195
	Mobile Training	260
	Awareness programs	11446
Mattakkuliya	Diploma	8
	Certificate	85
	Mobile Training	201
	Awareness programs	2666
Negombo	Diploma	29
	Certificate	175
	Mobile Training	576
	Awareness programs	2151
Galle	Diploma	-
	Certificate	134
	Mobile Training	55
	Awareness programs	3070
Jaffna	Diploma	-
	Certificate	72
	Mobile Training	170
	Awareness programs	1374
Kalutara	Diploma	-
	Certificate	25
	Mobile Training	-
	Awareness programs	3091
Trincomalee	Diploma	-
	Certificate	88
	Mobile Training	-
	Awareness programs	271
Bataloa	Diploma	-
	Certificate	84
	Mobile Training	101
	Awareness programs	144

### Details of the centers



## Regional Colleges functioning under the Institution



## **Achievements Obtained in year 2016**

- National Competency Standards and syllabuses have been prepared for 13 courses and 10 courses under the NVQ level 3, 4 and 05 courses under the NVQ level 05 are being implemented in the University.  
(The courses under the NVQ level 3, 4 are Fishing Boats Driver, Out Board Engine repairing, Scuba diving, mechanical technician, Refrigerator and Air Conditioning, ICT Technician, floating boats mechanic, Aquaculture Technician and the courses under the NVQ level 5 are Aquaculture and Aquatic Resources Management, Diploma in Marine and Logistic Management, Marine Machinery Maintenance Technology course.
- Attached the students to the job placing institutions through Regional Colleges after the completion of the course.
- Actions have been taken to provide the certificate of fishing boat driving which required for the qualified certificate for fishing boat driving license, by submitting tender papers to the newspaper advertisements published by the Ministry of Fisheries.
- Provide CDC's certificates to all the students who relevant to the jobs in trade ships which is to be given compulsory to the training courses in Trade and Naval sector conducting in regional centers.
- Obtained a land in Panadura for the regional center – Kalutara which is being conducted at present in a building under rental basis and the initial steps are being taken to construct a building in permanent basis.
- Obtained a land in Boosa for the regional center – Galle which is being conducted at present in a building under rental basis and the initial steps are being taken to prepare required plans.



## Income received from the government and non-government institutions

<b>Funding Agent</b>	<b>Course Name</b>	<b>Regional center</b>	<b>Amount</b>
World Vision Lanka Institution	Post-harvest Technology (Dried fish production)	Baticaloa	33,150.00
University College - Anuradhapura	Out Board Motor Engine maintenance	Jaffna	53,747.20
U.N.D.P. Institution	Post – harvest Technology		117,000.00
U.N.D.P. Institution	Out Board Motor Engine maintenance		78,000.00
Neel Fernando Institution	Out Board Motor Engine maintenance	Negombo	15,210.00
Neel Fernando Institution	Out Board Motor Engine maintenance		13,390.00
Department of Road Development – North Western Province	Life safety training	Mattakkuliya	19,500.00
Provincial Council - South	Post – harvest Technology	Galle	137,800.00
	04 Fishing Training Programmes		414,050.00
Management Development Training Division	Out Board Motor Engine maintenance	Trincomalee	55,900.00
Total			937,747.20

### 2. Actions taken to increase the student participation

- Aware the fishing communities and provide opportunities to their children to follow courses.
- Launch a programme named “Sagara Waruna” to aware on the regional Centre – Kaluthara. (Provided awareness on courses through posters, hand bills, )
- Published details on courses through the newspaper advertisements for the island wide children.

## **08. Administration Division**

### **Transport Division**

1. Ability to bring the audit queries into a less number comparing the queries for the transport in previous years.
2. Transfer 03 vehicles as below mentioned, to the Ocean University through United Nation Development Fund (UNDP) by paying the attention to the recommendations of the Audit queries.
  - i) 17 – 3404
  - ii) 42 -1675
  - iii) 42- 1677
3. Cover - up the damages from insurance institutions in respect of the vehicle accidents.
4. Prepare the process to request the transport requirements as per the Ocean University.
5. Obtained a machine for charging the batteries.
6. Motor vehicle No CAI – 1721 has been transferred to the Institution.
7. Introduced a procedure to provide fuel for vehicles through vouchers.

### **Procurement Division**

1. Obtained new books for the library.
2. Purchased computers for the Colleges and other equipment for the academic and training affairs of the students.
3. Obtained the items and equipment required for the new building of Administration in Mattakkuliya.

### **Maintenance and building Division**

1. Installed the Air Condition machines in auditorium and completed the repairs and also fixed the curtains.
2. Completed work of the new building for Administration affairs.

## 09. Human Resources Division

With a view to achieve the vision and mission of this institution and with the objective to produce effective and efficient staff, the Human Resources Development Division of this Institution direct the staff for required training courses, managing the staff with utmost disciplinary system.

Human Resources Development Division is implemented to conduct the activities for recruiting attractively the human resources required for the institution and to improve them. The following achievements were achieved in 2016.

1. Approved the cadre of the Ocean University of Sri Lanka.
2. Appoint a registrar for the Ocean University of Sri Lanka.
3. Absorb the staff to the Ocean University of Sri Lanka from NIFNE.
4. Actions have been taken to pay the salaries and the arrears as per the salary codes of other Universities.
5. Actions have been taken to build the capacities of the employees.
6. Refer the staff to the training requirements.
7. Refer the staff to the foreign training.

Accordingly, the staff for the 01.01.2016 to 31.12.2016 is as follows.

Category of the Employees		01.01.2016 to 31.12.2016		
		Male	Female	Total
Senior level				
	<i>Permanent (Including the officers who are under probation period)</i>	27	13	40
	<i>Contract Basis</i>	1	2	3
	<i>Casual</i>	1	0	1
	<i>Total (1)</i>	29	15	44
02. Tertiary Level				
	<i>Permanent (Including the officers who are under probation period)</i>	17	4	21
	<i>Contract Basis</i>	3	0	3
	<i>Casual</i>	2	0	2
	<i>Total (2)</i>	22	4	26
03. Secondary Level				
	<i>Permanent (Including the officers who are under probation period)</i>	34	32	66
	<i>Contract Basis</i>	0	0	0
	<i>Casual</i>	0	0	0
	<i>Total (3)</i>	34	32	66
04. Primary Level				

	<i>Permanent (Including the officers who are under probation period)</i>	63	9	72
	<i>Contract Basis</i>	02	00	02
	<i>Casual</i>	03	01	04
	<i>Total (4)</i>	68	10	78
<b>Number of employees (1)+(2)+(3)+(4)</b>		153	61	214

## **10. Internal Audit Division**

### **Vision of the Internal Audit Division**

Provide contribution to meaningful the good governance through conducting continuous and independent evaluation on internal controlling systems existing in the financial, administrative and development activities through connecting the said procedure and recommend the rectified systems.

### **Functions of the Internal Audit Division**

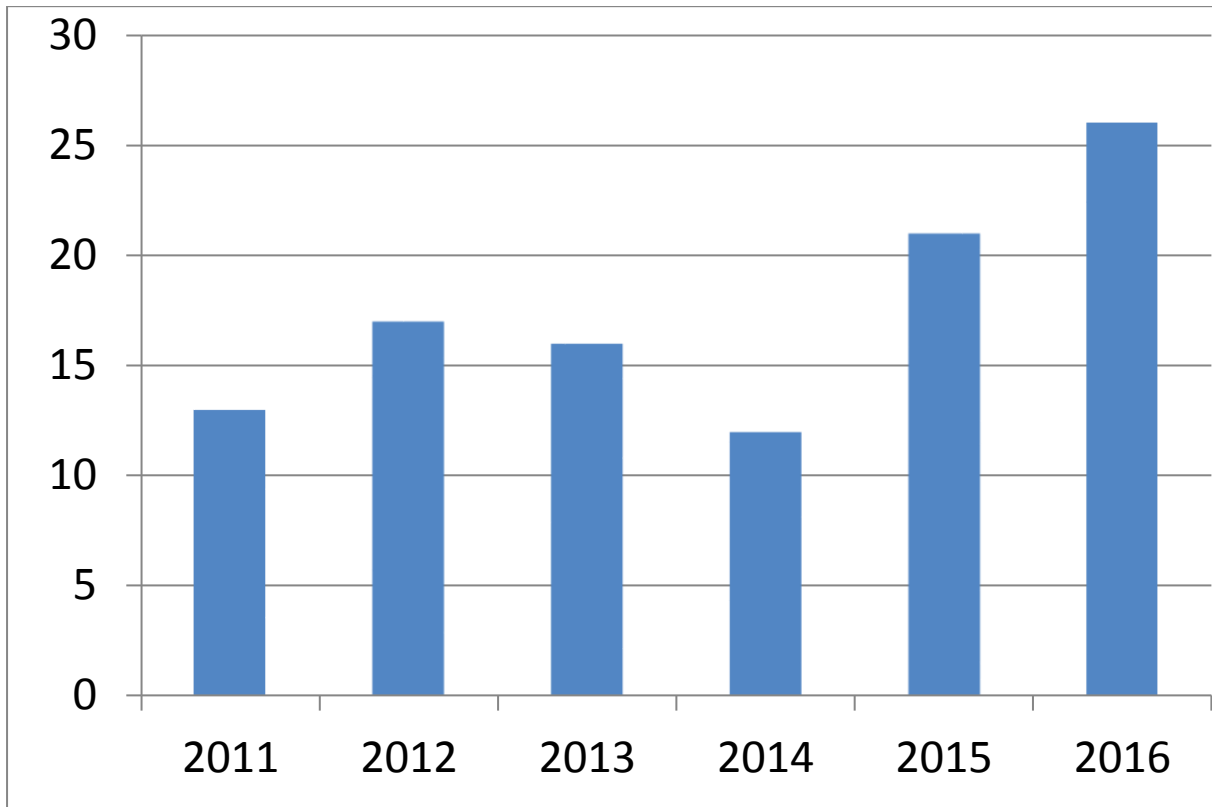
- Find out the successfulness of internal administrative system.
- Find out whether the required information is received to prepare the accurate financial statements.
- Find out whether the assigning affairs of the staff are being functioning.
- Find out whether the security of assets have been ensured.
- Find out whether the rule and regulations are being followed.
- Find out whether the controlling methods are available to avoid wastage, corruption and unnecessary expenses.
- Inquire whether the assets are being consumed economically.
- Conduct special investigations.
- Examine the operational activities with management aspect.
- Inquire the targeted points.

Further the Internal Audit Division carries out the audit and investigation duties in order to cover all other Colleges and direct the finance and administrative activities of the Institute towards a correct path.

### **Progress of the Audit Division**

- Implement internal audit work within the plan.
- Given 26 internal audit queries and coordinate the progress activities of it.
- Coordination activities relevant to respond for the external audit queries.
- Conduct Audit Management Committees and review the actions taken by the Institution.

### Internal Audit queries



## 11. Final Accounts

### SIGNIFICANT ACCOUNTING POLICIES.

Period ended 31<sup>st</sup> December 2016

#### 1. General Accounting Policies

1.1 The financial statements are prepared in accordance with the Sri Lanka Public Sector Accounting Standards (SLPSAS) Published in 2009 introduced by Public Enterprise Circular No. PED 54 dated 19.01.2010.

1.2 Ocean University is a statutory body established under the parliamentary act No.31 of 2014

1.3 Main objective of Ocean University is to conduct Training programs with a view to full filling the human resources requirements in the fields of Fisheries Nautical & Marine Sciences, Logistics & Transportation.

#### 1.4 Conversion of Foreign Currencies

All foreign exchange transactions are converted at the rate of exchange prevailing on the date the relevant transactions were affected.

#### 1.5 Taxation

No provision is made for Income Tax Liability, as the Agency is not liable for payment of Income tax.

#### 1.6 Inventories

Inventories are valued at cost adopting FIFO basis

	2016.12.31 (Rs.)
(a) Stationary	1,810,330.66
(b) Material (Maintenance)	-

1.7 The cost of the Fixed Assets is the cost of the purchases or construction together with any incidental expenses incurred in bringing the assets to their working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which facilities have been improved to the required Standards or which are required to carry on with the work programme of the agency or to increases the useful lifetime of the assets have been treated as capital expenditure

#### 1.8 Work in Progress (Construction)

The work in progress of capital construction has been valued on the basis of percentage of completion of the work and the cost of planning & supervision, together with the cost of material at site if payment has been made by Ocean University for such material.

Total cost of Work in Progress will be shown in an account called “work in progress” in and when the project was completed total cost involved in the project, will be transferred to the relevant capital account and depreciations will be accounted in accordance with the percentages given above.

1.8. The provision for depreciation is calculated on the cost or re-valuation of fixed assets according to the straight- line method. Monthly basic depreciation has been provided during the year of purchase of assets sand full annual provision will be made on the year of sale. No depreciation has been provided on freehold land.

The rates of Depreciation are as follows.

i.	Building	5%
ii.	Other infrastructure	5%
iii.	Machinery	10%
iv.	Boats & Vessels	10%
v.	Fishing gear equipment	10%
vi.	Communication Outlay	10%
vii.	Furniture & fitting	10%
viii.	Library books	10%
ix.	Name board	10%
x.	Other assets	10%
xi.	Computers & printers	33%
xii.	Motor Vehicles	25%
xiii.	Land & Land Improvement	5%

### **1.09 Receivables**

Receivables are reflected at their realizable values.

### **1.10 Refundable Deposits**

The deposits received from customers for various transactions made with Ocean University of Sri Lanka.

## **2. Liabilities & Provisions**

### **2.1 Gratuity**

Provision made in these accounts for retirement gratuities payable to the employees completed Five years of service.

### **2.2 Stocks**

Full provisions has been made for all slow moving idle and unutilized items which are brought Forwarded balance from Ocean University Of Sri Lanka

## 2.2 Provisions

Provisions have been made for the following

(a) Depreciation of Fixed Assets	54,116,082.44
(b) Retirement gratuity	9,364,022.9

## 3. Grants Received

### (A) Grants Related to Income

1. Government grant received for recurrent expenditure amounting to Rs.175,000,000.00 is credited to income & Expenditure account & SSDP amounting Rs. 9,115,566.44

2. Government grants received for capital expenditure amounting to Rs. 81,694,108.01 & SSDP Capital Expenditure amounting is Rs.8,042,019.35

### (B) Grants related to assets

1. Assets are shown at their Original Cost and Depreciated according to the expected useful time of the asset

### 2. Contingencies and event occurring after the balance sheet date.

1. Events occurring after the balance sheet date.

The materiality of events occurring after the balance sheet date has been considered and appropriate adjustments were made in the financial statements where necessary.

2. Contingencies and events occurring after the balance sheet date

1. Mr.Jagath Chandra, Mr.Amila Prasanna &Mr. Madusanka Preethiraj- Disciplinary Inquiry



**OCEAN UNIVERSITY OF SRI LANKA  
INDIRECT METHOD CASHFLOW STATEMENT  
CONSOLIDATED CASH FLOW STATEMENT FOR PERIOD ENDED  
31st DECEMBER 2016**

	<b><u>12/31/2016</u></b>
	<b>Rs.</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>Net Profit /(Loss) before Taxation</b>	(81,951,775)
<b>ADJUSTMENTS FOR</b>	
Gratuity Provisions	9,364,023
Depreciation	49,318,408
Prior year Adjustments	<u>(342,280)</u>
<b>Operating profit before working capital changes</b>	(23,611,624)
(Increase )/Decrease in inventories	722,169
(Increase )/Decrease in Trade & other Receivables	(2,058,318)
Increase /(Decrease) in Trade & other Payables	<u>672,635</u>
<b>Cash Generated from Operative Activities</b>	(663,514)
Gratuity Paid	<u>(1,995,754)</u>
<b>Net cash Flows From Operative Activities</b>	<u><u>(26,270,892)</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of Property ,Plant & Equipment	<u>(51,898,630)</u>
<b>Net cash Flows From Investing Activities</b>	(51,898,630)
<b>CASH FLOWS FROM FINANCIAL ACTIVITY</b>	
Capital Grant	81,694,108
Capital Grant (SSDP)	<u>8,042,019</u>
Net Cash Flow From Financial Activity	89,736,127
Net Increase /(Decrease) in Cash and Cash Equivalent	11,566,605
Cash & Cash Equivalent at Beginning of the Period	<u>20,530,849</u>
Cash & Cash Equivalent at End of the Period	<u><u>32,097,454</u></u>

**Ocean University Of Sri Lanka**  
**Statement OF Financial Position As at 31st December 2016**

	<u>Note</u>		
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant & Equipment	9	437,451,967	
			437,451,967
<b>Current Assets</b>			
Staff Loan	10	8,507,849	
Inventories	11	1,088,162	
Trade & other receivable	12	27,992,790	
Suspense		85,433	
Cash & cash equivalents	14	32,097,454	69,771,688
<b>Total Assets</b>			<b>507,223,656</b>
<b>EQUILITY &amp; LIABILITIES</b>			
<b>Capital &amp; Reserves</b>			
Accumulated Funds	15	736,621,992	
Accumulated Funds SSDP	15.1	139,834,358	
Accumulated Excess/(Deficits)	16	(466,618,875)	
			409,837,475
<b>Non Current Liabilities</b>			
Provision for Gratuity		46,082,397	
			46,082,397
<b>Current Liabilities</b>			
Accrued Expenses	17	48,553,176	
Payables	18	2,750,608	
			51,303,784
<b>Total Liabilities</b>			<b>507,223,656</b>

  
**Hemantha Ratnayake**  
 MBA (PIM) MA (U OF C) BA (Def Studies) psc  
**Registrar**  
 Ocean University of Sri Lanka  
 Crow Island, Colombo 15,  
 Sri Lanka.

**Ocean University Of Sri Lanka**  
**Statement Of Financial Performance for the Year Ended 31st December**  
**2016**

	<u>Note</u>	
<b>Operating Revenue</b>		
Government Grant	<b>1</b>	175,000,000.00
Other Income		22,260,643.87
SSDP-Recurrent Grant		<u>9,115,566.44</u>
		206,376,210.31
<b>Operating Expenses</b>		
Personal Emoluments	<b>2</b>	163,634,037.02
Travelling	<b>3</b>	2,511,040.85
Supplies & consumable used	<b>4</b>	7,761,870.52
Maintenance	<b>5</b>	2,768,404.36
Contractual Services	<b>6</b>	35,265,341.35
Training Expenses	<b>7</b>	23,520,523.44
Others	<b>8</b>	3,548,360.12
Depreciation	<b>9</b>	<u>49,318,407.53</u>
<b>Total Expenditure</b>		<u>288,327,985.19</u>
<b>Net Surplus/(Deficit) for the period</b>		<u><u>(81,951,774.88)</u></u>

# Ocean University Of Sri Lanka

## Notes to the Account

(Rs)

<b>Note 1</b>	<b>Income</b>	
	Distress Loan Interest	279,091.46
	Sundry Income	1,629,910.07
	<b><u>Course Fee Income</u></b>	
	Higher Education	12,995,775.00
	Colleges	6,803,731.04
	Hostel & House Rent Income	552,136.30
		<u>22,260,643.87</u>
<b>Note 2</b>	<b>Personal Emoluments</b>	
	Salaries & Wages	52,576,521.28
	E.P.F	21,901,307.84
	E.T.F	3,303,307.09
	Other Allowance	59,115,914.98
	Overtime	4,684,990.31
	Provision for Gratuity	9,364,022.90
	SSDP -Performance base allowance	1,695,340.00
	Visiting Lecture Fees	10,992,632.62
		<u>163,634,037.02</u>
<b>Note 3</b>	<b>Travelling Expenses</b>	
	Domestic	2,069,121.36
	Foreign	441,919.49
		<u>2,511,040.85</u>
<b>Note4</b>	<b>Supplies</b>	
	Stationery & office requisites	4,360,436.30
	Fuel & Lubricants for Vehicles	2,948,810.48
	Cleaning & Other material	93,181.97
	Medical Supplies	359,441.77
		<u>7,761,870.52</u>
<b>Note4.1</b>	Stationery & office requisites	
	Opening Balance	1,810,330.66
	<b>Add:</b> Purchases During The Year	4,360,436.25
	<b>Less:</b> Closing Balance	<u>1,088,161.95)</u>
	Consumed During the year	<u>5,082,604.96</u>
<b>Note 5</b>	<b>Maintenances Expenditure</b>	
	Vehicles	1,293,435.81
	Buildings & Structures	623,902.76
	Machinery	225,719.80
	Boat & Vessel	99,615.00
	Office Equipment	525,730.99
		<u>2,768,404.36</u>

<b>Note 6</b>	<b>Contractual Services</b>	
	Telecommunication	6,029,857.56
	Postal Charges	488,530.00
	Transport	2,906,789.70
	Electricity	6,295,214.62
	Water	3,687,789.06
	Rates & Taxes	4,551,498.46
	Others	311,747.50
	Security Charges	5,926,075.50
	Janitorial Service	5,067,838.95
		<u>35,265,341.35</u>
<b>Note 7</b>	<b>Training</b>	
	Training Materials	
	C .T .C .Colleges	5,391,433.77
	C.T.C.University	10,476,000.77
	<b>Project expenses</b>	
	Capacity Building	237,664.06
	SSDP-Recurrent Expenditure	7,415,424.84
		<u>23,520,523.44</u>
<b>Note 8</b>	<b>Others</b>	
	staff welfare	1,315,234.51
	Entertainment	805,441.61
	Board Member Fees	923,002.50
	Bank Charges	29,382.98
	Consultancy	120,385.02
	Legal & Other Allowance	306,958.00
	Darts & Uniform	16,820.00
	Other	31,135.50
		<u>3,548,360.12</u>

**Note - 09 - Property Plant & Equipment**

Description		Cost as at 01.01.2016	Acquisition/( Disposals)Du ring the Year	Depreciatio n for the Year	Accumulated Depreciation 31.12.2016	Balance as at 31.12.2016
Land & Land Improvement	2105	7,259,105.53	680,069.22	769,367.05	1,344,442.40	6,594,732.35
Building Lease Hold Rehabilitation of	2001	7,031,981.78			7,031,980.78	1.00
Building	2001/01	114,676,593.24		5,733,829.66	53,525,683.22	61,150,910.02
Infrastructure - Negombo Jetty	2001/02	379,687.57		18,984.38	303,749.68	75,937.89
Acq- Plant & Machinery	2103	92,770,041.74	6,666,456.57	9,440,313.08	40,570,576.30	58,865,922.01
Acq- Building Rehabilitation of Boat & Vessels	2104	118,071,470.19	14,638,045.60	5,996,704.01	14,883,677.74	117,825,838.05
	2005/02	11,832,028.02		1,183,202.80	8,339,063.17	3,492,964.85
Fishing Gear Equipment	2107/02	37,273,126.17		3,727,312.62	22,457,966.29	14,815,159.88
Communication Outlay	2103/02	1,076,476.45		107,647.65	1,033,059.31	43,417.14
Furniture & Fittings	2102	42,264,377.60	12,920,079.58	4,644,602.47	21,464,028.49	33,720,428.69
Name Boards	2106/02	969,114.80		96,911.48	593,119.66	375,995.14
Library Books	2107/03	15,654,560.86	1,561,012.70	1,565,456.09	6,985,019.78	10,230,553.78
Other Assets Rehabilitation of Vehicles	2106/00	1,799,660.76	187,637.80	222,918.23	937,451.12	1,049,847.44
	2003	18,485,984.04		2,705,904.44	18,485,983.04	1.00
Computers	2103/03	31,211,625.93			31,211,624.93	1.00
Acq - Vehicle	2101	12,482,860.53	2,731,592.49	2,750,539.36	15,214,452.02	1.00
Laboratory Equipments Rehabilitation of office Equipments	2107/04	9,728,427.82		972,842.78	6,586,132.17	3,142,295.65
Rehabilitation of Plant & Machinery	2004/00	1,633,751.07		163,375.23	471,672.25	1,162,078.82
	2002	2,610,446.91		261,044.69	1,362,487.49	1,247,959.42
Containers Acq-Training Equipments	2106/01	372,455.00		37,245.50	369,345.50	3,109.50
Rehabilitation of Training Equipments	2107	34,207,394.11	12,513,735.85	3,771,842.91	9,977,175.83	36,743,954.13
	2005/00	8,849,670.43		884,967.04	1,201,080.26	7,648,590.17
Negombo Hostel	2104/02	37,436,137.51		1,871,806.88	2,807,710.32	34,628,427.19
-Jaffna Building Chirman Office building	2104/03	27,646,398.62		1,382,319.93	2,188,673.22	25,457,725.40
	2104/03		20,185,385.00	1,009,269.25	1,009,269.25	19,176,115.75
(A)		635,723,376.68	72,084,014.81	49,318,407.52	270,355,424.21	437,451,967.28

**Note - 09.01**

Description	Cost as at 01.01.2016	Acquisition/(Disposals) During the Year	Depreciation for the Year	Accumulated Depreciation 31.12.2016	Balance as at 31.12.2016
Chirman Office building 2104/03	20,185,385.00	(20,185,385.00)		-	-
(B)	20,185,385.00	(20,185,385.00)		-	-
<b>Total (A) + (B)</b>	<b>655,908,761.68</b>	<b>51,898,629.81</b>	<b>49,318,407.52</b>	<b>270,355,424.21</b>	<b>437,451,967.28</b>

**Note 10 Staff Loan**

Distress Loan	8,186,134.98
Festival Advance	129,500.00
Book Loan	750.00
tsunami loan	191,464.23
	<u>8,507,849.21</u>

**Note 11 Stocks at 31/12/2016**

stationery	1,088,161.95
	<u>1,088,161.95</u>

**Note 12 Receivables**

Refundable Deposits(Electricity NARA)	218,750.00
Refundable Deposits(Vehicle Rent))	47,000.00
Advances	3,742,167.71
Deposits(Hostel Deposits)	1,708,500.00
Course Fees Receivable-University	15,754,623.10
Salary Advance	132,500.00
Hostel fees-Receivable	3,325,054.00
NARA	930,592.50
Refundable Hostel Fees	110,000.00
Travelling Advanced	15,000.00
Ceylon Oxygen (Pvt)ltd	18,635.00
Refundable Tender Deposits	1,215,800.00
NARA Refundable	180,000.00
Audit Fees	67,247.50
Refundable Deposit	126,920.00
Hostel Deposit	400,000.00
	<u>27,992,789.81</u>

**Note 13 Equity changes statement for the year 2016**

Description	Government Contribution	Comprehensive Income Statement	Total
Opening Balance	<b>654,927,884.34</b>	<b>131,792,338.42</b>	<b>786,720,222.76</b>
Received for the Year	81,694,108.01	8,042,019.35	89,736,127.36
<b>Closing Balance</b>	<b>736,621,992.35</b>	<b>139,834,357.77</b>	<b>876,456,350.12</b>

**Note 14 Cash & cash Equivalents**

Cash at Bank- Peoples Bank-9868	31,647,180.30
Cash at Bank- Peoples Bank-9909	450,273.87
	<u>32,097,454.17</u>

**Note 15 Accumulated Fund**

Opening Balance	654,927,884.34
Add: Government Contribution	81,694,108.01
Closing Balance	<u>736,621,992.35</u>

<b>Note 15.1</b> Opening Balance	131,792,338.32
SSDP-Accumulated Fund	8,042,019.35
Closing Balance	<u>139,834,357.67</u>

**Note 16 Accumulated Surplus/(Deficits)**

Opening Balance(Deficits) During the year	(384,667,100.36)
Add: Surplus /(Deficits)	(81,951,774.88)
	<u>(466,618,875.24)</u>

**Note 17 Accrued Expenses**

Accrued Expenses from the 2015	11,210,663.09
Cancelled Cheque	697,854.61
EPF- Payable	6,624,699.00
Accrued Expenses for the 2016	30,019,959.32
	<u>48,553,176.02</u>

**Note 18 Payables**

Retention	2,006,143.79
Refundable Deposits(Tender Deposit)	338,879.62
Payable for Creditors	251,786.20
Receivables	2,000.00
NARA Transport	141,983.00
Stamp Duty	3,025.00
Payee	3,090.39
Receivables	3,700.04
	<u>2,750,608.04</u>



## 12. Report of the Auditor General



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



මගේ අංකය  
எனது இல. }  
My No. }

VTY/G/OUSL/1/16/03

ඔබේ අංකය  
உமது இல. }  
Your No. }

දිනය  
திகதி }  
Date }

20 May 2018

The Vice Chancellor,  
Ocean University of Sri Lanka

Report of the Auditor General on the Financial Statements of the Ocean University of Sri Lanka for the year ended 31 December 2016 in terms of Section 14 (2) (c) of the Finance Act, No.38 of 1971.

The audit of financial statements of the Ocean University of Sri Lanka for the year ended 31 December 2016, comprising the statement of financial position as at 31 December 2016 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Sections 13 (1) of the Finance Act, No.38 of 1971 and Section 51(2) of the Ocean University of Sri Lanka Act, No.31 of 2014. My comments and observations which I consider should be published with the Annual Report of the University in terms of Section 14(2)(c) of the Finance Act appear in this report.

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

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

### **1.3 Auditor's Responsibility**

---

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

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

### **1.4 Basis for Qualified 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

---

In my of opinion, except for the effects of the matters described in paragraph 2.2 of the this report, the financial statements give a true and fair view of the financial position of the Ocean University of Sri Lanka as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### 2.2 Comments on Financial Statements

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#### 2.2.1 Accounting Policies

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Although fixed assets purchased at a cost of Rs.655,908,762 using the capital grants received from the Government and the other projects are annually depreciated, the University had not recognized a policy to amortize those capital grants and bring them to accounts.

#### 2.2.2 Sri Lanka Public Sector Accounting Standards

---

The following observations are made.

(a) Sri Lanka Public Sector Accounting Standard 01

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Comparative amounts had not been shown in the financial statements of the year under review as required by Paragraph 53 of the Standard.

(b) Sri Lanka Public Sector Accounting Standard 07

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In terms of Paragraph 47 of the Standard, when the fair value of property, plant and equipment materially differs, a revaluation is necessary. Nevertheless, property, plant and equipment of the University valued at

Rs.358,189,699 shown in the accounts had not been revalued. Further, expenditure of Rs.913,446 incurred contrary to the Paragraph 21 of the Standard for the repairs and maintenance of vehicles during the year under review had been capitalized.

### 2.2.3 Accounting Deficiencies

-----

The following observations are made.

- (a) Although the contribution of the Employees Provident Fund relating to the month of December of the year under review amounted to Rs.1,895,481, it had been brought to accounts as Rs.10,713,512 and as such, the balance of the Employees Provident Fund Account and the balance of the Employees Provident Fund Account under the accrued expenditure had been overstated by Rs.8,818,031.
- (b) Sums totalling Rs.6,457,682 paid for the preparation of estimates and carrying out soil testing relating to the five storied building proposed to be built at the premises of Head Office, Mattakkuliya, had been capitalized.
- (c) Instead of accounting 30 per cent of advance amounting to Rs.3,693,591 paid for the workshops and lecture halls proposed to be constructed at the Tangalle Centre under the advances, it had been capitalized.
- (d) Value of the Prior years adjustments of Rs.342,280 stated in the financial statements had been adjusted to the before tax profit under the nonfinancial adjustments in the cash flow statement.
- (e) Provisions had not been made in the accounts for the Audit fees payable in respect of the year under review and the preceding year.
- (f) Even though the stationery and office expenditure during the year under review amounted to Rs.5,082,605, it had been stated as Rs.4,360,436 and as such expenditure on stationery had been understated by Rs.722,169.

- (g) Course fees and the students hostel fees recoverable for the year under review had not been computed and brought to accounts.
- (h) An unidentified balance of Rs. 85,433 in the Suspense Account brought forward from the year 2011 under the current assets in the financial statements had not been settled even by the end of the year under review.

#### **2.2.4 Lack of Evidence for Audit**

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Information relating to receivable deposits totalling Rs.4,953,511 and the retention of advance totalling Rs.2,009,844 brought forward since a long period before the commencement of the University had not been furnished to audit.

#### **2.3 Accounts Receivable and Payable**

-----

The following observations are made.

- (a) Out of the Graduate Courses fees of Rs.15,754,623 recoverable by the end of the year under review, a sum of Rs.5,913,500 had been brought forward relating to the period from the year 2001 to 2003 and without being recovered those money, Graduate Certificates had been awarded to the students and as such recovery of those money remained uncertain. Further, course fees of Rs.9,841,123 due from the Graduate and other courses from the years 2009/2010 to 2015/2016 had not been recovered from the students even up to the end of the year under review.
- (b) It was observed in audit that the recovery of students hostel fees of Rs.798,671 brought forward relating to the period from the year 2001 to 2003 remained uncertain as a longer period had elapsed from their leaving of the hostels and the recovery of Rs.191,464 as Tsunami loan too remained uncertain as the officers who obtained the loans were not in the service.
- (c) Action had not been taken to settle the accrued expenditure valued at Rs.11,210,663 brought forward from the previous year and the years preceding that year.

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

The following instances of non-compliances with Laws, Rules, Regulations and Management Decisions were observed.

Reference to Laws, Rules and Regulations etc.	Non-compliance
<p>(a) Sections 10 (1), 13 (1), 18,24 (1),28 of the Ocean University of Sri Lanka Act, No.31 of 07 September 2014.</p>	<p>A Chancellor and Deans had not been appointed in accordance with the referred regulations and the establishment of Authorities, Academic Councils and Campuses had not been carried out.</p>
<p>(b) Establishments Code of the Democratic Socialist Republic of Sri Lanka</p>	
<p>(i) Section 6.1 of Chapter VIII</p>	<p>Although overtime allowances and holyday pays should be computed based on the monthly combined salary, overtime allowances had been paid based on the gross salary.</p>
<p>(ii) Sections 5.1 and 10.1 of Chapter XV</p>	<p>An officer served in the Tangalla Centre who is holding a post of Lecturer had left out of the country for a foreign scholarship from 23 February 2016 to 28</p>

February 2019 without getting approval for the full pay academic leave and without entering in to bond securities and agreements. Nevertheless, a sum of Rs.125,870 had been paid as salaries relating to the months of March and April 2016 in respect of the said officer.

(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

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(i) Financial Regulation 394

Action in terms of the Financial Statements had not been taken even as at the end of the year under review in respect of 55 cancelled cheques totalled Rs.697,854 which had been brought forward from the year 2012.

(ii) Financial Regulation 835 (1), (2), (3)

(i) Without obtaining approval of the Secretary to the relevant Ministry, a sum of Rs.1,650,000 had been paid as the initial payment to the lessors in respect of 03 buildings obtained for the students hostels.

(ii) Although it had been stated that the conditions relating to the payment of initial payments should be included in the agreements in consultation with the Attorney General, action had not been taken accordingly in the event of obtaining the above building on lease. Further, the lists of the furniture and fittings available in those buildings had not been included in those lease agreements.

(d) Treasury Circulars No.842 of 19 December 1978 and No. IAI/2002/02 of 28 November 2002.

A register of Fixed Assets had not been maintained in an updated manner in respect of the fixed assets valued at Rs.437,451,967 and a Register of Fixed Assets had also not been maintained relating to the computers, accessories and software costing RS.31,211,626 as required by the circulars.

(e) University Grants Commission Circular No.955 of 28 April 2011.

In the computation of contribution to the Employees Provident Fund and the Employees Trust Fund, the academic allowance paid along



with the salary should not be taken into account, whereas action had been taken contrary to that matter.

### **3. Financial Review**

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#### **3.1 Financial Results**

---

According to the financial statements presented, the financial results of the University during the year under review had resulted in a deficit of Rs.81,951,775 as compared with the corresponding deficit of Rs.47,358,479 for the preceding year, thus showing a deterioration of Rs.34,593,296 in the financial results in the year under review as compared with the preceding year. Although the Government Grants and the grants received from the Sectorial Skills Development Programme had increased by Rs.41,425,816 during the year under review, the above deterioration was mainly attributed to the decrease of the other income by Rs.27,179,867 and increase in the salary, depreciation and the contractual services such as telephone, electricity, water and sanitary services by Rs.24,926,636, Rs.11,566,163 and Rs.10,008,622 respectively.

### **4. Operating Review**

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#### **4.1 Performance**

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According to Section 4 of the Ocean University of Sri Lanka Act, No.31 of 2014, the objectives of the University shall be to,

- provide for University education in the fields of fisheries, ocean sciences, maritime technology and allied fields and provide for the extension courses for the continuous professional development .

- offer vocational and technical courses of study relating to fisheries and allied fields in order to cater to the manpower needs in any areas disseminate knowledge relating to fisheries, marine and maritime sectors.
  - provide vocational and technical courses for personnel in the fields of fisheries and allied fields for admission to the University.
  - provide for the progressive development of students in the fields of engineering, scientific, technical and vocational education and training systems, based on their aptitude and ability to acquire a University education in the fields of fisheries, ocean sciences, maritime technology and allied fields.
- (a) Out of the above objectives, the University had not paid attention on the objective of providing vocational and technical courses for personnel in the fields of fisheries and allied fields for admission to the University.
- (b) Enrollment of Students and Conduct of Courses

-----

According to the Action Plan for the year under review plans had been drawn to conduct 97 courses and involved 2,360 students therefor. The following matters were observed in this connection.

- (i) Although, the total number of students expected to be enrolled in 08 regional centres for the Graduate, Diploma and Certificate courses was 1,565, only 596 students had been enrolled during the year under review. Accordingly, the progress of the total student enrollment had been 38 per cent. Out of that, the progress of the students enrolment remained even below 50 per cent in other centres except for the Trincomalee Regional Centre and progress of the Matakuliya and Kalutara Regional Centres remained as an extremely lower level as 20 per cent and 21 per cent respectively.

- (ii) Plans had been drawn to enroll 225 students for 04 diploma courses in 07 regional centres other than the Trincomalee Regional Centre, whereas only 37 students had been enrolled for the Mattakkuliya and Negombo centres. No diploma course whatsoever had been conducted in the remaining 05 regional centres.
- (iii) Although plans had been drawn to conduct 15 certificate courses in the 8 regional centres and enroll 1,165 students therefor, only 403 students could have been enrolled. Accordingly, the progress of the enrollment of students for the certificate courses stood at 35 per cent.
- (iv) It had been planned to conduct 06 mobile training courses and another 05 courses in 06 regional centres and enroll 815 students therefor, whereas those programmes had not been conducted in any regional centre. However, 04 programmes which had not been included in the Action Plan had been conducted in 07 regional centres and 500 students had been involved in those courses.
- (v) Despite the availability of facilities to cater to 175 students for the degree courses, only 156 students had been enrolled for those courses during the year under review and the above enrollments were observed to be an increase in 69 students or 44 per cent as compared with the preceding year. According to the above information, an adequate progress relating to the enrollment of students and the conduct of courses in the Ocean University inaugurated from 18 June 2015 had not been achieved by the end of the year 2016.
- (vi) Out of the 8 regional centres of the University, only 02 regional centres had conducted NVQ examinations and 30 NVQ certificates only had been issued during the year under review.

(vii) According to the information made available, out of 114 students enrolled to the Mattakkuliya Regional Centre for the degree courses, 39 students had left the courses.

(c) Obtaining standards of the International Organization for Standards (ISO)

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 In order to obtain standards of the International Organization for Standards (ISO) for 04 courses in 04 regional centres, an agreement valued at Rs.2,500,000 had been entered in to with a private institution on 21 December 2012 to obtain consultation services and an advance of Rs.1,207,500 had been paid therefor by the end of the year under review. Nevertheless, ISO standards had been obtained for the Jaffna and Negombo Regional Centres even by the end of March 2018. Further, an indication relating to the due date for the completion of the contractual consultation services had not been included in the conditions of the agreement.

#### 4.2 Management Activities

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 The following observations are made.

- (a) Even though the student hostel at Mattakkuliya had been handed over to the lessor on 31 March 2015, action had not been take to recover the initial deposit of Rs.840,000 even by 30 November 2017..
- (b) Action had not been take to take over to the University the ownership of the lands and other properties in which 08 regional centres and the Head Office of the University are situated and used by the National Institute of Fisheries and Nautical Engineering vested in the University.

### 4.3 Underutilization of Assets

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The following observations are amide.

- (a) Although a sum of Rs.81.69 million had been received as Government Grants for the purchase and improvement of capital assets and the development of human resources, only a sum of Rs.52.14 million of the above amount had been utilized. Accordingly, the management had failed to use the Government Grants as expected and therefore, a sum of Rs.29.55 million or 36 per cent remained underutilized.
- (b) Although provision of Rs.30 million had been made by the Sectoral Skills Development Programme for the development and improvement of infrastructure facilities of the laboratories, workshops and lecture rooms of the University, the management had failed to carry out relevant improvement with the use of the above provision.

### 4.4 Identified Losses

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For the purpose of preparing estimates and carrying out soil testing relating to the construction of five storied building at the Head Office premises, Mattakkuliya, a sum of Rs.6,457,682 had been paid to the State Engineering Corporation and the Engineering and Laboratory Services Pvt. Ltd. on July 2016, whereas action had not been taken to commence the relevant construction even by the end of February 2018. The Vice Chancellor had informed the audit that the relevant construction could not be carried out due to lack of the provision.

#### 4.5 Idle and Underutilized Assets

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The following observations are made

- (a) Out of 29 vehicles of the University, 08 vehicles remained condemned position over a long period of time, whereas action had not been take to repair or dispose of the above vehicles even by the end of the year under review.
- (b) Two engines which are fixed outside the ships and purchased at a cost of Rs.1.6 million on 14 December 2014 had not been used even by 21 September 2017 and 02 lathe machines which had been purchased at a cost of Rs.2.5 million in the year 2014 had remained idle without being used since those machines had not been installed and supplied electricity connection.

#### 4.6 Staff administration

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The following observations are made.

- (a) According to the information furnished to audit, the approved cadre and the actual cadre of the University by the end of the year under review stood at 327 and 199 respectively. Accordingly, the number of vacancies was 128.
- (b) Without being taken action to recruit officers on permanent basis for the vacancies in the approved cadre of the University, 14 officers had been recruited on contract and temporary basis without obtaining a proper approval of the Department of Management Services and a sum of Rs.3,006,866 had been paid as the allowances during the year under review.

## 5. Accountability and Good Governance

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### 5.1 Establishment of the University

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The Ocean University of Sri Lanka was established so as to be effective from 18 June 2015 by terminating the National Institute of Fisheries and Nautical Engineering Act No.36 of 1999 on 17 June 2015, the date of publication the same by the Minister in terms of Section 01 and 71 of the Ocean University of Sri Lanka Act, No.31 of 07 September 2014 by taking over all the immovable and movable properties and the liabilities of the institute existed as at that date.

### 5.2 Presentation of Financial Statements

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Although financial statements should be furnished to the Auditor General within 60 days from the close of the financial year in terms Section 6.5.1 of Public Enterprises Circular No.PED/12 dated 02 June 2003, the accounts of the Ocean University of Sri Lanka relating to the year under review had been furnished on 25 January 2018.

## 6. Systems and Controls

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

Area of Systems and Control	Observations
(a) Accounting	Shortcomings had taken place in entering transactions and journal entries in the ledger accounts.
(b) Assets Management	Assets had not been legally taken over and assets had remained idle.

- (c) Staff Administration Failure in properly absorbing the staff and failure in properly conducting the courses due to not filling vacancies.
- (d) Hostel Administration
- (i) An officer had not been appointed to the post of Hostel Sub-Warden and the students had not been educated on the rules and regulations before providing hostel facilities.
  - (ii) A resister had not been maintained to record the information relating to the students' admission to and leave from the hostels.

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

H.M. Gamini Wijesinghe  
Auditor General



## **13. Report on Clarifications to the Auditor General's Report**

Report of the Auditor General on the Financial Statements of the Ocean University of Sri Lanka for the year ended 31<sup>st</sup> December 2016 in terms of Section 14 (2) (C) of the Finance Act, No. 38 of 1971

### **2.2 Express ideas on Financial Statements**

#### **2.2.1 Accounting Policies**

( i) Amortization has been adjusted since 2017 in preparing accounts. The accumulated deficit in respect of fix assets acquired so far on Capital Receivables of Rs. 655,908,762 /= as mentioned in the Audit Report, will be submitted to the Audit and Management Committee Meeting in future and the actions will be taken to rectify this issue as per the recommendations of it.

#### **2.2.2 (b) Sri Lanka Public Accounting Standards**

##### **(a) Sri Lanka Public Accounting Standards 01**

Since the Ocean University of Sri Lanka was established in 17<sup>th</sup> June 2015 the comparing values for the accounts could not be able to submit for the second quarter of the year 2015. On the instructions of the Audit and Management Committee, it was not submitted in the year 2016 and the actions will be taken to present comparing values in year 2017.

##### **(b) Sri Lanka Public Accounting Standards 07**

The Report of the Auditor General mentioned that the assets are not been re – valued. Therefore the discussions will be carried out in respect of this in Audit and Management Committee Meeting which is to be held in future and necessary actions will be taken as per the recommendations of it. In compliance to the paragraph 21 of the Standard, actions will be taken to be considered the Maintenance expenditure as Recurrent Expenditure.

#### **2.2.3 Accounting Deficiencies**

(a) Since the absorption activities are already not been concluded, the allocations for Employee Provident Fund to be paid for the year under review has been remained. Actions will be taken to rectify this.

(b) Due to no receive of allocations for this programme, the initial expenditure had been capitalized.

(c) This was an expenditure incurred under capital allocations of year 2016 and it has been calculated under capital expenditure of the said year.

(d) This is an adjustment carried out to the accumulated deficit of the previous year.

- (e) Since no inquiry has been made to audit fees, a provision has not been allocated for it. However, in year 2017 the relevant allocations have been carried out.
- (f) The purchasing expenditure is shown as Rs. 4,360,436 and Rs. 5,082,605 is the total consumption expenditure of the year. Therefore no deficit has been occurred as shown in the query.
- (g) Hon. Minister in - charge of the subject declared to provide courses to the students on free of charge and since then, the courses were conducted free of charge. Similarly since the approval has given for the aforesaid suggestion in the budget 2017, the fees to be charged from the students have not been charged.
- (h) Refer a report to the Audit and Management Committee regarding the Rs. 85,433/- in the Indefinite Account and actions will be taken as per the relevant recommendations.

#### **2.2.4 No evidences for the audit**

The relevant sub documents have been submitted later.

### **2.3 Receivable and Payable Accounts**

(a) (b)

Actions have been taken to obtain the approval required to write off the accounts balances to be received from the Ministry of Finance in many occasions through the Ministry by referring a formal report by the Governing Council after prepared according to the recommendations of the Audit and Management Committee of the Institution and the Audit and Management Committee of the Ministry, the required approval has not been received so far. Actions will be taken to write off from the accounts after obtaining the required approval.

(c) Actions will be taken to rectify after identifying the relevant expenditure and preparing sub documents.

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

(a) Sections No. 10 (i), 13 (i) , 18, 24 (i) ,28 of the Act of Ocean University of Sri Lanka No 31 of 17th September 2014. Since the absorption process to recruit the permanent staff to the Institution has already not been concluded, the relevant appointments and establishment of Councils will be carried out in future after concluding those activities.

(b)

(i) Section 6.1 of the Chapter VIII

Even though the relevant salary had been calculated as per the Shops and Office Act, the overpaid amounts mentioned in the Report will be re-charged in future.

(ii) Sections No 5.1 and 10.1 in the Chapter XV

Actions had already been taken to charge the over payments.

(c ) (i) Financial Regulations 394

Refer to the Audit and Management Committee as per the F.R 394 and the actions will be taken to make adjustments in future as an income under the approval of the Governing Board.

(ii) Financial Regulations 835 (1), (2), (3)

(j) Actions will be taken to do as such at present.

(ii) Actions will be taken to rectify in future.

(d) The Treasury Circulars No 842 dated 19<sup>th</sup> December 1978 and No. IAI/2002/02 dated 28<sup>th</sup> November 2002 Since the accounts mentioned the accumulated values had been submitted with amendments, this will be rectified after preparing the Fixed Assets Register as per the decisions taken by the Audit and Management Committee Meeting.

(e) Circular No 955 of 28<sup>th</sup> April 2011 of the University Grant Commission

The relevant amendments will be submitted to the Audit and Management Committee Meetings and actions will be taken to recharge the over payments from the salaries after rectifying the number of instalments to be charged.

### **3. Financial Review**

#### **3.1 Financial Results**

The situation has been arisen due to adjust the amortization. Actions will be taken to rectify in future.

### **4. Operational Review**

#### **4.1 Performance**

(a) Absorption process has been affected to all the delays. This situation will be rectified in future.

(b) Recruitment of students and conduct courses.

Due to the absorption process, the recruitment of permanent College lecturers has been delayed. Therefore, the less progress can be observed in the student intake too.

(ii), (iii)

Even though the ISO and CDC awarding courses have been conducted in 08 all Colleges, the conducting of said courses have been stopped due to the Ministry of Naval has informed to stop temporally until gives the approval.

(iv) The referred document for statistic is not correct. Mobile training programmes have been conducted participating more than 815 students.

(v) Students dropped out from the courses due to refer the other courses and attend foreign tours seeking jobs.

(vi) Disturbed the accreditation of courses due to no human and physical resources required for the accreditation of NVQ courses.

(vii) This situation has been arisen due to the selection of students for the State Universities and refer to the jobs.

(c) Obtain the ISO certificate of the International Standard Organization

Even though the ISO certificate has requested for Mattakkuliya, Thangalla and Jaffna colleges, the College of Jaffna could not be able to obtain the certificate due to no relevant infrastructure facilities for it. Mattakkuliya and Thangalla Colleges have already been obtained the ISO certificates.

Further 25% out of the amount to be paid to the contractual consultancy services has been cut off due to their delays.

#### **4.2 Management Activities**

(a) Legal actions will be taken to charge the basic advance deposit paid for the student hostel in Mattakkuliya.

(b) The National Institute of Fisheries and Nautical Engineering was under the Ministry of Fisheries before transmitted into the Ocean University of Sri Lanka. Then it was purview under the Ministry of Youth Affairs and Skills Development. Accordingly, actions are being taken to transfer the assets through relevant Secretaries of the Ministries.

#### **4.3 Unutilized of Funds**

(a) Since the Institution keeps the accounts in accumulated basis the relevant expenditure for the year 2016 has included as accumulated expenditure and the payments have been carried out in year 2017.

- (b) Since no facilities for the present regional center in Kaluthara a new place in Panadura has been selected. The current land belongs to the Ministry of Education and actions had been taken to construct the building to be constructed in Kaluthara in year 2016 in Panadura area in 2017 as per the feasibility study.

#### **4.4 Identified losses**

Due to no receiving of funds for the five storied building these constructions could not be proceeded ahead. Constructions will be carried out after obtaining provisions in coming years.

#### **4.5 Idle and unutilized assets**

- (a) 03 vehicles belong to Batticaloa have already been disposed. Actions are already being taken to dispose the remained 05 vehicles in Batticaloa regional center.
- (b) Since the courses are being conducted at present, the relevant equipment are also being utilized.

#### **4.6 Staff administration**

- (a) The delay has been occurred due to vacancies should have to be filled after preparing the staff absorption procedure and scheme of recruitment.
- (b) The employees had been recruited subject to the approval of the Governing Board to conduct the daily service requirements regularly on temporary basis and actions will be taken to obtain the approval of the Department of Management Services for the recruitments of employees in future.

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

#### **5.1 Establishment of Universities.**

The Statements for the accounts of University had been submitted with effect from 18.06.2015 accordingly.

#### **5.2 Presentation of financial statements**

Actions have been taken to present the accounts of the Ocean University of Sri Lanka for the year under review on due date. Due to the erroneous in the Account submitted for the period of 18.06.2015 to 31.12.2015, the final account for the year 2016 has been re-submitted with amendments on 25.01.2018.

## **6. Systems and control**

- (a) Actions will be taken to keep the accounts as per the accounting systems and chapters and to present the financial statements and also to organize the relevant activities.
- (c) The relevant actions are being taken to identify the assets belong to the Institution and transfer those and utilized the idle resources for the current purposes.
- (d) Actions will be taken to organize the activities as per the plans after absorption of the staff and carry out the new recruitments.
- (e) Actions have been taken to appoint a sub governor in future. The formal duties will be performed after recruiting a responsible official.

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**A.K.D.G. Athukorala**  
Director (Finance) Acting  
Ocean University

