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சமுத்திர பல்கலைக்கழகம்

(கடற்றொழில் மற்றும் கடலோட்டு எந்திரவியல் தேசிய நிறுவனம்)

Ocean University

(National Institute of Fisheries and Nautical Engineering)

2015

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வருடாந்த அறிக்கை
ANNUAL REPORT



නිපුණතා සංවර්ධන හා වෘත්තීය පුහුණු අමාත්‍යාංශය

திறன்கள் அபிவிருத்தி மற்றும் தொழிற்பயிசி அமைச்சு

Ministry of Skills Development and Vocational Training



ජාතික ධීවර හා නාවික ඉංජිනේරු ආයතනය
(2015.01.01-2015.06.17)

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(2015.06.18-2015.12.31)

தேசிய மீன்பிடி மற்றும் கப்பல் பொறியியல் நிறுவகம்
(2015.01.01-2015.06.17)

இலங்கை சமுத்திர பல்கலைக்கழகம்
(2015.06.18-2015.12.31)

National Institute of Fisheries and Nautical Engineering
(2015.01.01 – 2015.06.17)
Ocean University
(2015.06.18 – 2015.12.31)



2015

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வருடாந்த அறிக்கை
Annual Report



Annual Report and Accounts

National Institute of Fisheries and Nautical Engineering

(2015.01.01 – 2015.06.17)

Ocean University

(2015.06.18 – 2015.12.31)



2015

Ministry of Skills Development and Vocational Training

Ocean University

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01. Message of the Vice Chancellor

It's a pleasure to keep a message as the first Vice Chancellor appointed since 15.06.2015 for the Ocean University of Sri Lanka in the remarkable year of 2015.

The special fact that I emphasize is that institute existed as National Institute of Fisheries and Nautical Engineering and has converted into the Ocean University of Sri Lanka through the Act No 31 in year 2014 provides the trained human resource in the field of Fisheries and Nautical sector to the economy of Sri Lanka.

The progress reports proved that the Institute has provided a sufficient contribution to the progress through its Higher Education Division, Training Division, Administration, Financial and Audit Divisions as the institute of NIFNE since 01.01.2015 to 17.06.2015 and as the Ocean University of Sri Lanka since 18.06.2015. It is clear that recruiting sufficient number of under graduates to the Higher Education Division assisted to empower the economy of Sri Lanka.

The Vocational Training Division which is one section established in the procedure designed to produce laborers who provide effective trained labor contribution to the national economy, from the Sri Lanka Ocean University Act, constituted with bringing the role of the NIFNE to a broaden national standard, has an immense responsibility in carrying out the key roles. Accordingly, the vocational training courses have been joined to the national level through obtaining the ISO 9001 - 2008 Standard certificate in year 2015. Similarly, the Vocational training Division has taken actions to improve the quality of the courses by preparing National Skills Standards and syllabuses for 08 Vocational training courses. (As 06 courses and 02 courses under National Skills Standards 4 and 5 respectively)

Even though the first Vice Chancellor has appointed in this year to establish the educational structure in per to the provisions of the Act of the Ocean University of Sri Lanka, it should be expedite the establishment of staff for the other posts too. Similarly, it is also prove the institutional development through the qualified audit opinion which expressed for the final accounts submitted from the National Institute of Fisheries and Nautical Engineering and the Ocean University of Sri Lanka.

It's a responsibility assigned to me to pilot the Ocean University established to ease the shortages of the existed NIFNE and the actions will be taken to commit the coming year an effective year with good results with the maximum assistance of the staff of the University.



Thilak Dharmarathne

Vice chancellor

02. Governing Council and the composition

National Institute of Fisheries & Nautical Engineering (01.01.2015 – 17.06.2015)

01. Professor W.M.T.B. Wanninayake
 - Chairman, National Institute of Fisheries & Nautical Engineering
02. Mr. IrfanThassim,
 - Managing Director, Ocean Pick
03. Mr. JeevanthaJayatilake,
 - Attorney - at – Law
04. Mr. JagathChandrawansaKorale
 - Chartered Accountant & Management Consult
05. Mrs. H. ChulanganiPerera,
 - Director General - VTA
06. Ms. MedhaviAbeysekara,
 - Asst. Director, Ministry of Ports & Shipping
07. Mr. Prasanna Silva,
 - Chairman - NARA
08. Prof. RahulaAnuraAthilage,
 - Deputy Vice Chancellor, University of Moratuwa
09. Mr. R.M. Wijesinghe Banda,
 - Director, Department of Public Enterprises
10. Mr. H.M.K.J.B. Gunarathana,
 - Director (Social Development), Ministry of Home Affairs & Fisheries

Ocean University of Sri Lanka
(18.06.2015 – 31.12.2015)

01. Mr. TilakDharmaratne,
 - Vice Chancellor, Ocean University of Sri Lanka
02. Mr. R.M. Abeyratne/ Mr. P. Ranepura,
 - Secretary, Ministry of Skills Development & Vocational Training
03. Mr. R.M. Wijesinghe Banda,
 - Director, Department of Public Enterprises, Ministry of Finance
04. Mr. Y.L.M. Navavi,
 - Senior Assistant Secretary, Ministry of Higher Education and Researches
05. Mr. L.P. Jayampathy,
 - Secretary, Ministry of Port and Shipping
06. Mr. BarathaRamanayake,
 - Director (Planning & Monitoring), Ministry of Fisheries
07. Dr. Lionel Pinto,
 - Chairman, Vocational Training Authority of Sri Lanka
08. Mr. Prasanna Silva,
 - Chairman, National Aquatic Resources Research and Development Agency
09. Dr. H.L. Obesekara,
 - Chairman, National Apprentice & Industrial Training Authority
10. Mrs. MalkanthiJayawardana,
 - Director General, Tertiary and Vocational Education Commission
11. Prof. SisiraPinnawala,
 - University of Peradeniya
12. Dr. LaxmanSiriwardana,
 - Member
13. Eng. AshokaRandeniya,
 - Member
14. Dr. NeelaGunasekara,
 - Member
15. Mr. H.P.W. Vitharana,
 - Attorney - at - Law

03. Academic Board and the composition of the Ocean University

01. Mr. TilakDharmaratne,
 - Vice Chancellor - The Ocean University of Sri Lanka
02. Dr. RanjanPerera,
 - Academic Head (ME) - The Ocean University of Sri Lanka
03. Dr. M.F.M. Fairoz,
 - Academic Head, Tangalle - The Ocean University of Sri Lanka
04. Dr. JayasankaSenevirathna,
 - Academic Head, Colombo - The Ocean University of Sri Lanka
05. Mr. P.U.I. Perera,
 - Director Training - The Ocean University of Sri Lanka
06. Dr. ChampaAmarasiri,
 - Consultant, ICMRM programme - The Ocean University of Sri Lanka
07. Dr. Shyamalee Senadheera,
 - Senior Lecturer- The Ocean University of Sri Lanka
08. Dr. M.P.Kumara,
 - Senior Lecturer - The Ocean University of Sri Lanka
09. Mrs. NishanthiPerera,
 - Consultant, MTM&L Programme - 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 20th 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, Mission and the Objectives of the Institution

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.

| | |
|-------------|--|
| Mattakuliya | <ul style="list-style-type: none">• National Institute of Fisheries and Nautical Engineering, Crow Island, Mattakkuliya, Colombo 15. |
| Kaluthara | <ul style="list-style-type: none">• Fisheries and Nautical Engineering College, School Lane, Dediawala, Waskaduwa, Kalutara. |
| Negombo | <ul style="list-style-type: none">• Fisheries and Nautical Engineering College, Wellaveediya, Negombo. |
| Galle | <ul style="list-style-type: none">• Fisheries and Nautical Engineering College, Magalla, Galle. |
| Thangalla | <ul style="list-style-type: none">• Fisheries and Nautical Engineering College, Mahawela Road, Tangalla. |
| Batticaloa | <ul style="list-style-type: none">• Fisheries and Nautical Engineering College, Nawlladi, Batticaloa. |
| Trincomalee | <ul style="list-style-type: none">• Fisheries and Nautical Engineering College, Kod Bay, China Bay, Trincomalee. |
| Jaffna | <ul style="list-style-type: none">• 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
National Institute of Fisheries & Nautical Engineering
(01.01.2015 – 17.06.2015)

A new undergraduate program focused on resource management, BSc in Integrated Coastal and Marine Resource Management (ICMRM) is introduced this year. Together with the new program, the higher education division is currently offering four degree programs including ‘Marine Engineering’ and ‘Fisheries and Marine Sciences’ and ‘Maritime Transport and Logistics Management’. Further, Fisheries and Marine Sciences Special degree curriculum introduced and several students who completed general degree were registered for the special degree. This year, two batches of Marine Engineering and Fisheries and Marine Sciences were graduated and another four batches of marine engineering, three batches of Fisheries and Marine Sciences and one batch of Maritime Transport and Logistics Management are currently engage in studies.

Number of student enrolled is given in the Table 1.

Table 1. Student enrolment

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

The curriculum

Currently four BSc programs (Marine Engineering, Fisheries and Marine Sciences and Maritime Transport and Logistics Management BSc degree programs and newly introduced Coastal and Marine Resource Management BSc degree programs) are offered by the institute. To further strengthen the curriculum and cater the human resources and research requirement of the country new study programs will be identified and introduced in coming years.

Academic staff

The Fisheries and Marine Sciences BSc program is having qualified panel of lectures (Table 2) and for special requirements qualified visiting lectures are hired. The Marine Engineering, Maritime Transport Management and Logistics and Integrated Coastal and Marine Resource Management BSc degree programs are currently depending on panel of qualified visiting lectures (One permanent senior lecturer and a lecturer in the Colombo premises)

Table 2. Permanent lecturer panel

| Tangalla premise |
|---|
| <p>Senior Lecturers Dr. Shyamalie D Senadheera - BSc (Hons), MSc (Kelaniya, Sri Lanka), PhD (Deakin, Australia) Dr. M F M Fairoz - BSc, MPhil (Ruhuna, Sri Lanka), DSc (Shizuoka, Japan) Dr. M P Kumara - BSc (Hons) (Ruhuna, SL), PhD (Edinburgh Napier, UK)</p> |
| <p>Lecturers Mr. N P G Pushpitha - BSc, MPhil (Ruhuna, SL) Ms. Lanka Wickremasinghe - BSc (Hons) (Ruhuna, SL), MSc (Vrije, Belgium) 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. ErandiPathirana - BVSc (Peradeniya, Sri Lanka), MSc (Osaka, Japan), DCSD (NIBM, Sri Lanka) Ms. M I U Manikarachchi - BSc (Hons) (Ruhuna, Sri Lanka)</p> |
| Colombo premises |
| <p>Senior Lecturers Dr. M D H Jayasanka Senavirathna - BSc (Hons), MPhil (Ruhuna, Sri Lanka), PhD (Saitama, Japan), HNDIT (Sri Lanka)</p> |
| <p>Lecturers Mr. MohomadAmjath – BSc (Hons) (Moratuwa, Sri Lanka)</p> |

Progress Situation

1. Library facilities were improved by adding new books.
2. Panel of visiting lecturers were appointed to Integrated Coastal and Marine Resource Management BSc program
3. Updated the students' handbooks with new course details and uploaded in PDF format to the Ocean University website.

Ocean University of Sri Lanka (18.06.2015 – 31.12.2015)

Ocean University became a fully-fledged National University

The Ocean University of Sri Lanka act (act No 31 of 2014) came in to operation by repealing the existing act of The National Institute of Fisheries and Nautical Engineering (Act No. 36 of 1999) on July 17th of 2015 by a special gazette notification. Therefore, from the 17th July 2015 the Ocean University is officially established as a fully-fledged national University (OCUSL). Under the provision of the OCUSL Act, first Vice-Chancellor (Mr. Thilak Dharmarathna) appointed to the University initiating the establishment of the academic structure.

Current Situation

The all four undergraduate programs (Marine Engineering, Fisheries and marine sciences, Maritime Transport and Logistics Management, Integrated coastal and marine resource management) of NIFNE continued in the OCUSL. Several students who completed general degree in Fisheries and marine sciences were registered for the special degree this year. End of the year, two batches of Marine Engineering and Fisheries and marine sciences were completed undergraduate studies and another four batches of marine engineering, three batches of Fisheries and marine sciences and one batch of Maritime Transport and Logistics Management are currently engage in studies. The number of students of NIFNE is remain unchanged in the OCUSL.

Number of student enrolled is given in the Table 1.

Table 1. Student enrolment 2015

| BSc Program | Student enrolment |
|--|--------------------------|
| | 2015 |
| Marine Engineering (BSc; 04 Year) | 27 |
| Fisheries and marine sciences (BSc; 03 Year) | 12 |
| Maritime Transport and Logistics Management (BSc; 03 Year) | 30 |
| Integrated Coastal and marine resource management (BSc; 03 Year) | 17 |

Interim Academic Council

An interim academic council (ICM) is appointed to rectify the academic matters of the university. This temporary council is appointed until required officers to the academic council are appointed/absorbed to the University. Academic council is responsible for taking decisions related to the academic matters. The establishment of the interim Academic Council provided a platform to rectify academic matters. The ICM is gathered monthly and taking important decisions related to the academic activities of the University.

Ocean University curriculum

There are three identified thrust areas for the University, Marine and Nautical Science, Maritime Management and Fisheries and Aquaculture. Based on these thrust areas the curriculums of the Ocean University of Sri Lanka has to be developed. Currently offering Marine Engineering, Fisheries and Marine Sciences and Maritime Transport and Logistics Management BSc degree programs and newly introduced Coastal and Marine Resource Management BSc degree programs are within the scopes of thrust areas. To further strengthen the thrust areas and cater the human resources and research requirement of the country new study programs will be identified and introduced in coming years.

Academic staff

All the academic staff of the NIFNE is continuing services the OCUSL. Fisheries and marine sciences BSc program is having qualified panel of lectures (Table 2) and for special requirements qualified visiting lectures are hired. The Marine Engineering, Maritime Transport Management and Logistics and Integrated coastal and marine resource management BSc degree programs are currently depending on panel of qualified visiting lectures (One permanent senior lectures and a lectures in the Colombo premises).

Table 2. Permanent lecture panel of the Ocean University of Sri Lanka

| Tangle premises |
|---|
| Senior Lecturers Dr. Shyamalie D Senadheera - BSc (Hons), MSc (Kelaniya, Sri Lanka), PhD (Deakin, Australia) Dr. M F M Fairoz - BSc, MPhil (Ruhuna, Sri Lanka), DSc (Shizuoka, Japan) Dr. M P Kumara - BSc (Hons) (Ruhuna, SL), PhD (Edinburgh Napier, UK) |
| Lecturers Mr. N P G Pushpitha - BSc, MPhil (Ruhuna, SL) Ms. Lanka Wickremasinghe - BSc (Hons) (Ruhuna, SL), MSc (Vrije, Belgium) 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 - BVSc (Peradeniya, Sri Lanka), MSc (Osaka, Japan), DCSD (NIBM, Sri Lanka) Ms. M I U Manikarachchi - BSc (Hons) (Ruhuna, Sri Lanka) |
| Colombo premises |
| Senior Lecturers Dr. M D H Jayasanka Senavirathna - BSc (Hons), MPhil (Ruhuna, Sri Lanka), PhD (Saitama, Japan), HNDIT (Sri Lanka) |
| Lecturers Mr. Mohomad Amjath – BSc (Hons) (Moratuwa, Sri Lanka) |

Progress Situation

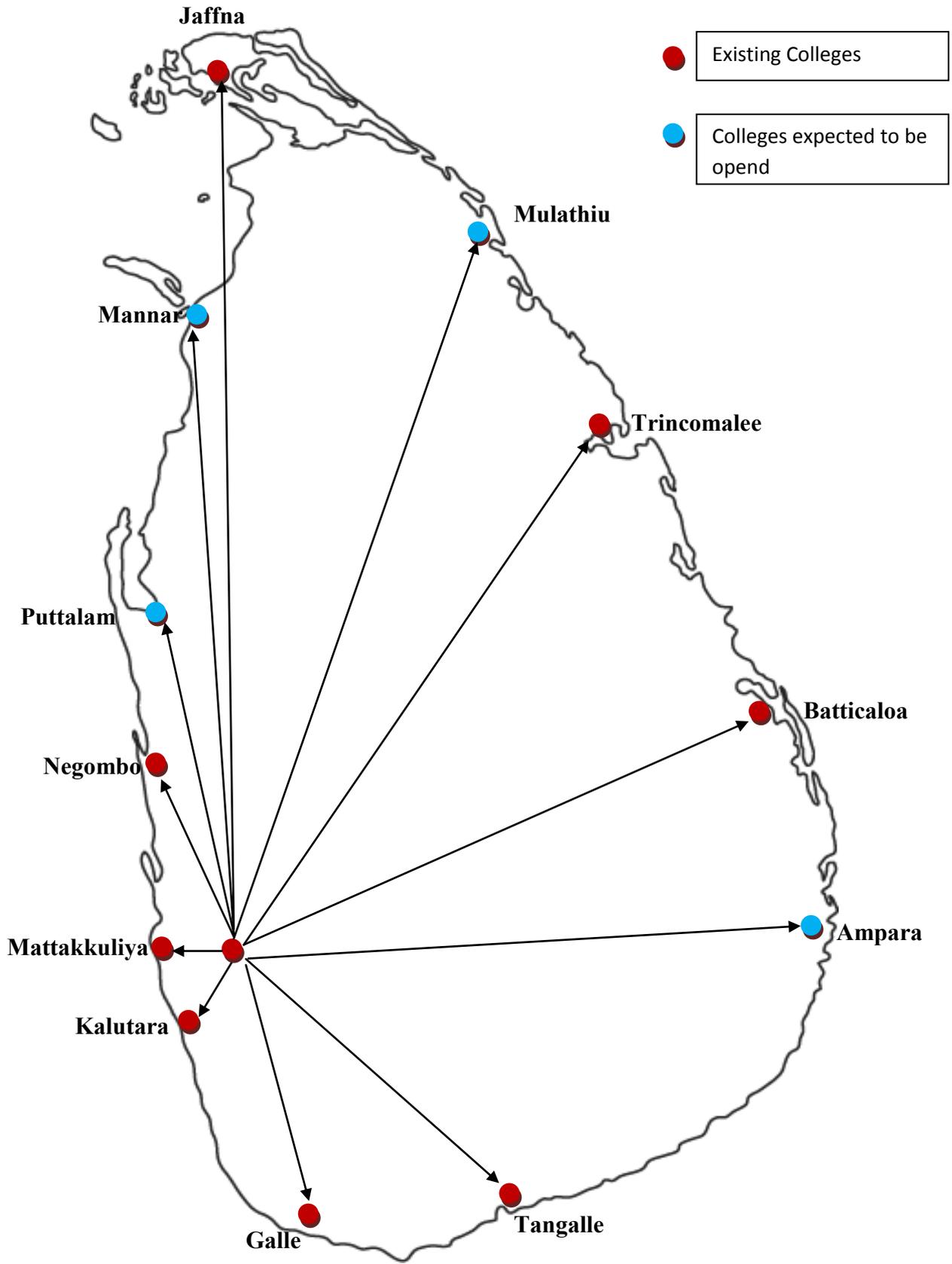
1. Concept paper for the expansion of infrastructure up to international standards is prepared and submitted to external resource department for further improvements. The multimillion project will satisfy all the current and future infrastructure demands of the University and will bring the University a world-class academic and research institute.

07. Training Division
National Institute of Fisheries & Nautical Engineering
(01.01.2015 – 17.06.2015)

The details of the courses conducted in 08 regional colleges

| <i>College</i> | <i>Course</i> | <i>Number of students</i> |
|----------------|--------------------|---------------------------|
| Thangalla | Diploma | 20 |
| | Certificate | 129 |
| | Mobile Training | - |
| | Awareness programs | - |
| Mattakkuliya | Diploma | 28 |
| | Certificate | 58 |
| | Mobile Training | - |
| | Awareness programs | - |
| Negombo | Diploma | - |
| | Certificate | 28 |
| | Mobile Training | 90 |
| | Awareness programs | 284 |
| Galle | Diploma | - |
| | Certificate | 34 |
| | Mobile Training | - |
| | Awareness programs | - |
| Jaffna | Diploma | - |
| | Certificate | 34 |
| | Mobile Training | 30 |
| | Awareness programs | 49 |
| Kalutara | Diploma | 20 |
| | Certificate | 13 |
| | Mobile Training | - |
| | Awareness programs | - |
| Trincomalee | Diploma | - |
| | Certificate | 51 |
| | Mobile Training | 121 |
| | Awareness programs | 99 |
| Bataloa | Diploma | 22 |
| | Certificate | 29 |
| | Mobile Training | 191 |
| | Awareness programs | 335 |

Regional Colleges functioning under the Institution



Achievements obtained in year 2015

- Established the National Institute of Fisheries and Nautical Engineering as a full University named as Ocean University of Sri Lanka on 18.06.2015.
- The Institution has obtained the ISO 9001: 2008 Standards Certificates which were essentially required to conduct the courses in naval sector.
- At the end of the courses, attach the trainees to job placing training institutes by the Regional Colleges.
- Completed the constructions of the fully equipped building for administration office.

Income received from the government and non-government institutions

| Funding Agent | Course Name | College | Amount |
|-------------------------------------|------------------------------------|----------------|---------------|
| Service Lanka Foundation | Out Board Motor Engine course | Jaffna | 62,000.00 |
| National Institute of Education | Aquaculture Technology | Mattakkuliya | 26,650.00 |
| Army Camp - Kala Oya | Under Water Cutting welding Course | Thangalla | 502,970.00 |
| Army Camp - Kala Oya | Under Water Cutting welding Course | Thangalla | 560,950.00 |
| University of Vocational Technology | Out Board Motor Engine course | Trincomalee | 97,498.00 |
| Total | | | 1.250,068 |

2. Actions taken to increase the participation of the students

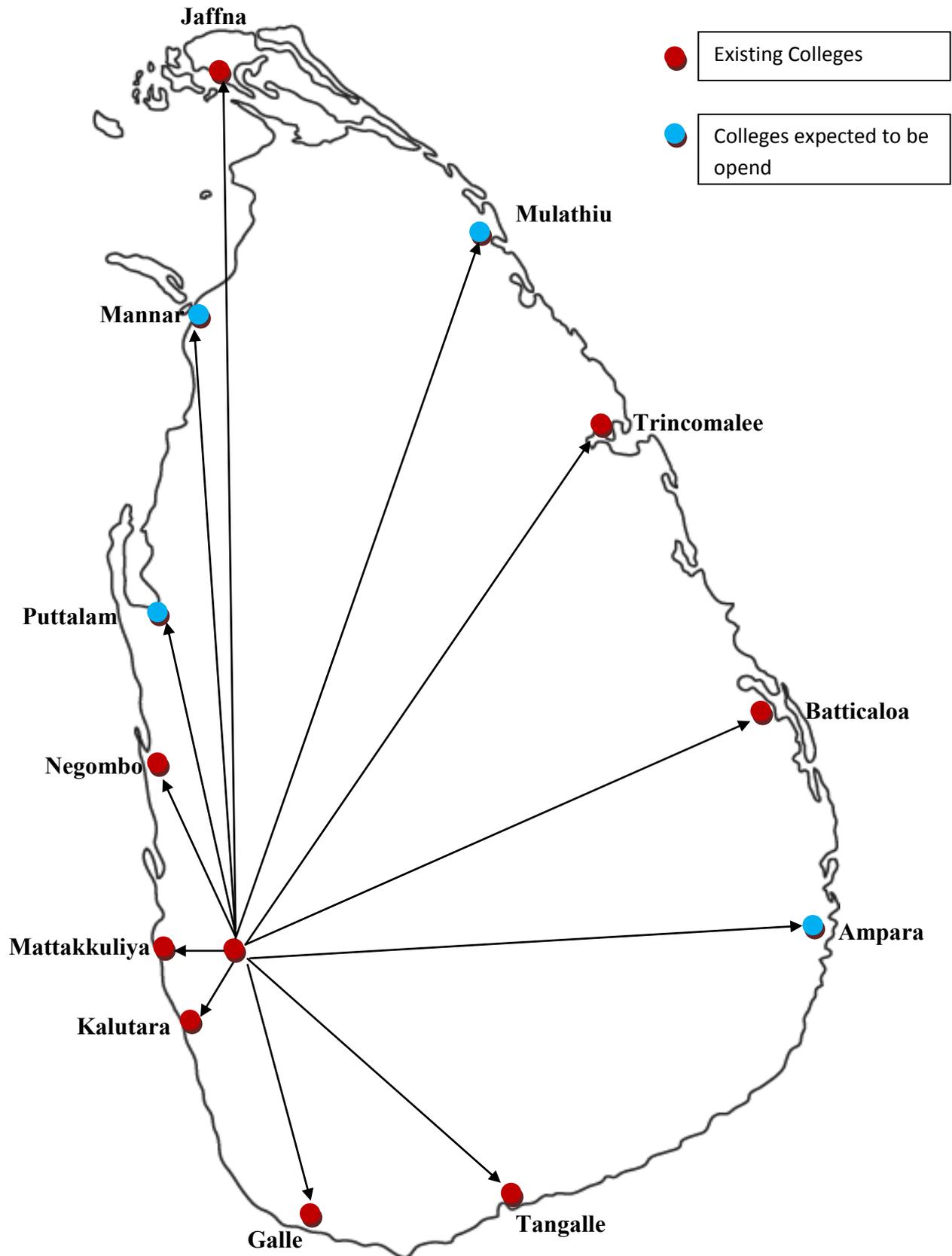
- Aware the fishing communities on courses and make opportunities to follow the courses to their children.
- Conduct awareness Programs by the Colleges on courses using banners, posters and hand bills.

**Ocean University of Sri Lanka
(18.06.2015 – 31.12.2015)**

The details of the courses conducted in 08 regional colleges

| <i>College</i> | <i>Course</i> | <i>Number of students</i> |
|----------------|--------------------|---------------------------|
| Thangalla | Diploma | - |
| | Certificate | 51 |
| | Mobile Training | 232 |
| | Awareness programs | 7,911 |
| Mattakkuliya | Diploma | 40 |
| | Certificate | 17 |
| | Mobile Training | - |
| | Awareness programs | 425 |
| Negombo | Diploma | - |
| | Certificate | 23 |
| | Mobile Training | 99 |
| | Awareness programs | 578 |
| Galle | Diploma | - |
| | Certificate | 31 |
| | Mobile Training | 33 |
| | Awareness programs | 251 |
| Jaffna | Diploma | - |
| | Certificate | 26 |
| | Mobile Training | 37 |
| | Awareness programs | 37 |
| Kalutara | Diploma | - |
| | Certificate | 12 |
| | Mobile Training | 30 |
| | Awareness programs | 758 |
| Trincomalee | Diploma | - |
| | Certificate | 22 |
| | Mobile Training | 237 |
| | Awareness programs | 259 |
| Bataloa | Diploma | - |
| | Certificate | 22 |
| | Mobile Training | 24 |
| | Awareness programs | 112 |

Regional Colleges functioning under the Ocean University of Sri Lanka



Achievements obtained in year 2015

- Completed the preparation of National Skills Standards and Curriculums for 08 courses and out of them 06 courses under NVQ level 04 and 02 courses under NVQ level 05 are being implemented.
- At the end of the course attach the trainees for the job placing training institutes by the Regional Colleges.

Income received from the government and non-government institutions

| Funding Agent | Course Name | College | Amount |
|----------------------|------------------------------------|----------------|---------------|
| Army Camp - Kala Oya | Under Water Cutting welding Course | Thangalla | 461,461.00 |
| Army Camp - Kala Oya | Under Water Cutting welding Course | Thangalla | 245,970.00 |
| Army Camp - Kala Oya | Under Water Cutting welding Course | Thangalla | 176,566.00 |
| Total | | | 88,3997.00 |

2. Actions taken to increase the participation of the students

- Aware the fishing communities on courses and make opportunities to follow the courses to their children.
- Conduct awareness Programs by the Colleges on courses using banners, posters and hand bills.

08. Administration Division
National Institute of Fisheries & Nautical Engineering
(01.01.2015 – 17.06.2015)

- Obtain a new battery charger for the Transport Division
- The bus No. 4255 has been repaired.

Ocean University of Sri Lanka
(18.06.2015 – 31.12.2015)

- Transfer the motor vehicle No. 17 - 3404 to our Institution.
- Transfer the lorry No. 42 – 1675 to the Institution.
- Transfer the lorry No. 42 – 1677 to the Institution.
- Obtain the motor vehicle No. CAI 1721 to the Institution.
- Introduced a voucher to fill the fuel to the vehicles in the pool.

09. Human Resources Division
National Institute of Fisheries & Nautical Engineering
(01.01.2015 – 17.06.2015)

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 2015.

1. Actions have been taken to promote the staff who are not promoted so far even though the service is number of years in the National Institute of Fisheries and Nautical Engineering.
2. Actions have been taken to build the capacity of the employees.
3. Recruited new employees with the compliance to the Scheme of Recruitment.
4. Directed the staff for the trainings to fulfill the training requisites.

Accordingly, the staff for the 01.01.2015 to 17.06.2015 is as follows.

| Category of the Employees | 01.01.2015 to 17.06.2015 | | |
|--|--------------------------|--------|-------|
| | Male | Female | Total |
| 01. Senior level | | | |
| <i>Permanent (Including the officers who are under probation period)</i> | 5 | 1 | 6 |
| <i>Contract Basis</i> | 1 | 1 | 2 |
| <i>Casual</i> | 1 | 0 | 1 |
| <i>Total (1)</i> | 7 | 2 | 9 |
| 02. Tertiary Level | | | |
| <i>Permanent (Including the officers who are under probation period)</i> | 30 | 15 | 45 |
| <i>Contract Basis</i> | 3 | 1 | 4 |
| <i>Casual</i> | 0 | 0 | 0 |
| <i>Total (2)</i> | 33 | 16 | 49 |
| 03. Secondary Level | | | |
| <i>Permanent (Including the officers who are under probation period)</i> | 41 | 31 | 72 |
| <i>Contract Basis</i> | 2 | 0 | 2 |
| <i>Casual</i> | 0 | 0 | 0 |
| <i>Total (3)</i> | 43 | 31 | 74 |

| | | | |
|--|-----|----|-----|
| 04. Primary Level | | | |
| <i>Permanent (Including the officers who are under probation period)</i> | 60 | 04 | 64 |
| <i>Contract Basis</i> | 00 | 00 | 00 |
| <i>Casual</i> | 09 | 01 | 10 |
| <i>Total (4)</i> | 69 | 05 | 74 |
| Number of employees (1)+(2)+(3)+(4) | 152 | 54 | 206 |

| | | | |
|---------------------------|-------------------------|--|-------|
| Number of vacancies | 01.01.2015 – 17.06.2015 | | |
| | | | Total |
| 01. Senior Level | | | 05 |
| 02. Tertiary Level | | | 19 |
| 03. Secondary Level | | | 79 |
| 04. Primary Level | | | 06 |
| Total number of vacancies | | | 109 |

| | | | |
|--|-------------------------|------|-------|
| Number of leaving the service | 01.01.2015 – 17.06.2015 | | |
| | Female | Male | Total |
| Number of retirements | 00 | 00 | 00 |
| Service/completion of agreement period (contract/casual employees) | 00 | 00 | 00 |
| Number of resignation of the service | 00 | 00 | 00 |
| Number of suspended the service | 00 | 00 | 00 |
| Number of suspended the service | 00 | 00 | 00 |
| Others | 00 | 00 | 00 |
| Total Number of service leavers | 00 | 00 | 00 |

| | | | |
|---|-------------------------|------|-------|
| <i>New appointments</i> | 01.01.2015 – 17.06.2015 | | |
| | Female | Male | Total |
| Permanent Service | 04 | 11 | 15 |
| Contact/ Casual | 00 | 00 | 00 |
| Total number of new appointments | 04 | 11 | 15 |

Ocean University of Sri Lanka
(18.06.2015 – 31.12.2015)

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 2015.

- 1.) Issue the Gazette Notification of Ocean University of Sri Lanka.
- 2.) Appoint a vice Chancellor for the Ocean University of Sri Lanka.
- 3.) Necessary actions have been taken to develop the capacity of the employees.
- 4.) Prepared the plan of the Ocean University of Sri Lanka.
- 5.) Directed the staff for the trainings to fulfill the training requisites.

Accordingly, the staff since 18.06.2015 to 31.12.2015 is as follows.

| Category of the Employees | 01.01.2015 – 17.06.2105 | | |
|--|-------------------------|--------|-------|
| | Male | Female | Total |
| 01.Senior level | | | |
| <i>Permanent (Including the officers who are under probation period)</i> | 5 | 1 | 6 |
| <i>Contract Basis</i> | 1 | 1 | 2 |
| <i>Casual</i> | 1 | 0 | 1 |
| <i>Total (1)</i> | 7 | 2 | 9 |
| 02. Tertiary Level | | | |
| <i>Permanent (Including the officers who are under probation period)</i> | 29 | 14 | 43 |
| <i>Contract Basis</i> | 3 | 1 | 4 |
| <i>Casual</i> | 0 | 0 | 0 |
| <i>Total (2)</i> | 32 | 15 | 47 |
| 03. Secondary Level | | | |
| <i>Permanent (Including the officers who are under probation period)</i> | 42 | 38 | 80 |
| <i>Contract Basis</i> | 2 | 0 | 2 |
| <i>Casual</i> | 0 | 0 | 0 |
| <i>Total (3)</i> | 44 | 38 | 82 |

| | | | | |
|--|--|-----|----|-----|
| 04. Primary Level | | | | |
| | <i>Permanent (Including the officers who are under probation period)</i> | 63 | 08 | 71 |
| | <i>Contract Basis</i> | 00 | 00 | 00 |
| | <i>Casual</i> | 09 | 01 | 10 |
| | <i>Total (4)</i> | 69 | 05 | 74 |
| Number of employees (1)+(2)+(3)+(4) | | 152 | 60 | 212 |

| | | | |
|---------------------------|-------------------------|--|-------|
| Number of vacancies | 18.06.2015 – 31.12.2015 | | |
| | | | Total |
| 01. Senior Level | | | 04 |
| 02. Tertiary Level | | | 23 |
| 03. Secondary Level | | | 65 |
| 04. Primary Level | | | 04 |
| Total number of vacancies | | | 96 |

| | | | |
|--|-------------------------|------|-------|
| Number of leaving the service | 18.06.2015 – 31.12.2015 | | |
| | Female | Male | Total |
| Number of retirements | 00 | 00 | 00 |
| Service/completion of agreement period (contract/casual employees) | 00 | 00 | 00 |
| Number of resignation of the service | 01 | 01 | 02 |
| Number of suspended the service | 00 | 00 | 00 |
| Number of suspended the service | 00 | 00 | 00 |
| Others | 00 | 00 | 00 |
| Total Number of service leavers | 01 | 01 | 02 |

| | | | |
|---|-------------------------|------|-------|
| <i>New appointments</i> | 18.06.2015 – 31.12.2015 | | |
| | Female | Male | Total |
| Permanent Service | 00 | 00 | 00 |
| Contact/ Casual | 00 | 00 | 00 |
| Total number of new appointments | 00 | 00 | 00 |

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 and through connecting the said procedure and recommend the accurating the 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 are being functioning.
- Find out whether the securities 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.
- Provide 06 internal audit inquiries and coordinate its progress affairs.
- Carry out coordination to respond the external audit inquiries.
- Conduct audit management committees and review the actions taken by the Institution.

11. Ocean University

National Institute of Fisheries & Nautical Engineering

(01.01.2015 – 17.06.2015)

SIGNIFICANT ACCOUNTING POLICIES.

Period ended 17th June 2015

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 NIFNE is a statutory body established under the parliamentary act No.36 of 1999

1.3 Main objective of NIFNE is to conduct Training programs with a view to full filling the human resources requirements in the fields of Fisheries Nautical & Marine Sciences

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

| | 2015/06/17 (Rs.) | 2014 (Rs.) |
|----------------------------|-------------------------|-------------------|
| (a) Stationary | 1,115,446.15 | 523.264.50 |
| (b) Material (Maintenance) | 214,949.26 | 8,005.00 |

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 NIFNE 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% |

1.09 Receivables

Receivables are reflected at their realizable values.

1.10 Refundable Deposits

The deposits received from customers for various transactions made with

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 remaining at stores for 5 year or more

2.2 Provisions

Provisions have been made for the following

| | |
|----------------------------------|--------------|
| (a) Depreciation of Fixed Assets | - 586,686.75 |
| (b) Retirement gratuity | - |

3. Grants Received

(A) Grants Related to Income

1. Government grant received for recurrent expenditure amounting to Rs.58, 300,000.00

is credited to income & Expenditure account & SSDP amounting Rs.1,372,693.74

2. Government grants received for capital expenditure amounting to Rs.46, 800,000.00

is accounted as Capital Expenditure & SSDP amounting Rs.72,215,550.20

(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. Labor case L/T 3577/2012- Request Compensation for Rs 600,000/=

2. Mr.J.A.C.S.K.S Jayasinghe Higher Court Colombo HCALT/62/2011-Requesting Compensation

NATIONAL INSTITUTE OF FISHERISE NAUTICAL ENGINEERING (OCEAN UNIVERSITY)

INDIRECT METHOD CASHFLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED 17 JUNE 2015

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| | Rs. | Rs. |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Surplus/(deficit)from ordinary activities | (6,173,788) | (71,013,054) |
| Non - cash movements | | |
| Depreciation | 570,687 | 27,614,814 |
| Amortization | | |
| Increase in provision for doubtful debts | | |
| increase in payables | (94,080,118) | 109,962,092 |
| increase in borrowings | | |
| Increase in provisions relating to employee costs | - | 8,164,660 |
| (Gains)/losses on sale of property, plant& equipment | | |
| (Gains)/losses on sale of investments | | |
| Increase in other current assets | | |
| Increase in investments due to revaluation | | |
| Decrease in Inventory | - | (799,126) |
| Increase in receivables | (1,843,370) | (9,467,896) |
| Increase in Staff loan | (1,109,659) | 1,465,494 |
| Extraordinary item | | |
| Prior year adjustment | (4,540) | (1,761,685) |
| Net cash flows from operating activities | <u>(102,640,788)</u> | <u>64,165,299</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of plant & equipment | (8,744,816) | (216,952,737) |
| Proceed from sale of plant & equipment | - | - |
| Proceeds from sale of investments | - | - |
| Purchase of foreign currency securities | - | - |
| Net cash flows from investing activities | <u>(8,744,816)</u> | <u>(216,952,737)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|---|----------------------------|-------------------------|
| Capital Grant | 46,800,000 | 92,450,000 |
| Capital Grant SSDP | 17,600,000 | 60,505,921 |
| Proceeds from borrowings | - | - |
| Repayment of borrowings | - | - |
| Special levy of government | | |
| Net cash flows from financing activities | <u>64,400,000</u> | <u>152,955,921</u> |
| Net increase/(decrease)in cash & cash equivalents | (46,985,604) | 168,483 |
| Cash & cash equivalents at beginning of period | <u>1,447,272</u> | <u>1,278,789</u> |
| Cash & cash Equivalents at end of period | <u><u>(45,538,332)</u></u> | <u><u>1,447,272</u></u> |

National Institute Of Fisheries & Nautical Engineering (Ocean University) Statement OF Financial Position as at 17th June 2015

| | | 17/06/2015 | | 2014 |
|-----------------------------|-------------|-----------------------|----------------------|-----------------------|
| | Note | | | |
| ASSETS | | | | |
| Non Current Assets | | | | |
| Property, plant & equipment | 9 | <u>421,275,043.72</u> | | <u>413,101,214.95</u> |
| | | 421,275,044 | | 413,101,215 |
| Current Assets | | | | |
| Staff Loan | 10 | 8,409,617.76 | | 7,299,958.89 |
| Inventories | 11 | 1,330,395.41 | | 1,330,395.41 |
| Trade & other receivable | 12 | 24,859,534.81 | | 23,016,164.81 |
| Suspense A/C | | 85,433.18 | | 85,433.18 |
| Cash & cash equivalents | 13 | <u>9,077,218.32</u> | <u>43,762,199.48</u> | <u>1,447,272.10</u> |
| Total Assets | | | 465,037,243.20 | 446,280,439.34 |

EQUILITY & LIABILITIES

Capital & Reserves

| | | | |
|-------------------------|----|-------------------------|-------------------------|
| Accumulated Funds | 14 | 741,486,355.66 | 622,470,805.46 |
| Reserves | | | |
| Government Grands-Jaica | | - | - |
| Accumulated | | | |
| Excess/(Deficits) | 15 | <u>(328,868,296.50)</u> | <u>(322,689,667.70)</u> |
| | | 412,618,059.16 | 299,781,137.76 |

Non Current Liabilities

Interest Bearing Borrowings

Deferred Income

| | | | |
|------------------------|--|----------------------|----------------------|
| Provision for Gratuity | | <u>29,208,292.65</u> | <u>29,208,292.65</u> |
| | | 29,208,292.65 | 29,208,292.65 |

Current Liabilities

| | | | |
|--------------------------|----|-----------------------|-----------------------|
| Accrued Expenses | 16 | 20,820,761.35 | 115,147,665.10 |
| Payables | 17 | <u>2,390,130.04</u> | <u>2,143,343.83</u> |
| | | <u>23,210,891.39</u> | <u>117,291,008.93</u> |
| Total Liabilities | | <u>465,037,243.20</u> | <u>446,280,439.34</u> |


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National Institute Of Fisheries & Nautical Engineering(Ocean University)
Statement Of Financial Performance for the Year Ended 17 June 2015

| | Note | 2015 | 2014 |
|--|------|-----------------------|-----------------------|
| Operating Revenue | | | |
| Government Grant | | 58,300,000.00 | 105,000,000.00 |
| SSDP -Recurrent Grant | | 1,372,693.74 | 3,203,725.46 |
| Other Income | 1 | <u>18,818,737.04</u> | <u>41,104,698.71</u> |
| | | 78,491,430.78 | 149,308,424.17 |
| Operating Expenses | | | |
| Personal Emoluments | 2 | 51,101,220.02 | 99,449,355.03 |
| Travelling | 3 | 703,619.21 | 2,306,920.66 |
| Supplies & consumable used | 4 | 1,717,010.20 | 6,128,627.19 |
| Maintenance | 5 | 1,409,938.60 | 4,794,896.79 |
| Contractual Services | 6 | 7,931,183.45 | 27,036,628.07 |
| Training Expenses | 7 | 19,886,806.81 | 40,465,736.07 |
| Others | 8 | 1,344,754.15 | 12,524,499.93 |
| Depreciation | 9 | <u>570,686.75</u> | <u>27,614,814.01</u> |
| Total Expenditure | | <u>84,665,219.19</u> | <u>220,321,477.75</u> |
| Net Surplus/(Deficit)before extra-ordinary items | | (6,173,788.41) | (71,013,053.58) |
| Extra ordinary items | | - | - |
| Net Surplus/(Defecit) for the period | | <u>(6,173,788.41)</u> | <u>71,013,053.58)</u> |

**NATIONAL INSTITUTE OF FISHERIES AND NAUTICAL ENGINEERING
(OCEAN UNIVERSITY)
Notes to the Account**

| | Approved budgetary amount | 2015(Rs) | 2014(Rs) |
|---------------|--|-----------------------|----------------------|
| Note 1 | Income | | |
| | Distress Loan Interest | 135,592.06 | 326,966.51 |
| | Sundry Income | 114,366.00 | 1,579,223.85 |
| | Book Loan Interest | 62.35 | 497.01 |
| | Course Fee Income | | |
| | Higher Education | 15,888,600.00 | 31,224,923.85 |
| | Colleges | 2,403,326.58 | 4,492,999.65 |
| | Hostel & House Rent Income | 272,790.01 | 3,169,934.27 |
| | Beach Festival | 3,700.04 | |
| 1.1 | Others | 300.00 | 250,000.00 |
| 1.2 | Others | - | 60,153.57 |
| | FAO | | |
| | | <u>18,818,737.04</u> | <u>41,104,698.71</u> |
| Note 2 | Personal Emoluments | | |
| | Salaries & Wages | 57,402,000.00 | 20,344,039.97 |
| | E.P.F | 11,991,000.00 | 4,784,970.78 |
| | E.T.F | 2,575,000.00 | 1,195,355.99 |
| | Other Allowance | 28,232,000.00 | 21,196,831.88 |
| | Overtime | 3,000,000.00 | 901,435.79 |
| | Provision for Gratuity | 3,000,000.00 | - |
| | SSDP -Performance base allowance | 2,200,000.00 | 442,810.00 |
| | Visiting Lecture Fees | 10,000,000.00 | 2,235,775.61 |
| | | <u>118,400,000.00</u> | <u>51,101,220.02</u> |
| Note 3 | Travelling Expenses | | |
| | Domestic | 2,000,000.00 | 653,619.21 |
| | Foreign | 1,000,000.00 | 50,000.00 |
| | | <u>3,000,000.00</u> | <u>703,619.21</u> |
| Note4 | Supplies | | |
| | Stationery & office requisites | 2,500,000.00 | 533,737.50 |
| | Fuel & Lubricants for Vehicles | 2,700,000.00 | 956,195.00 |
| | Cleaning & Other material | | 50,326.00 |
| | Medical Supplies | 500,000.00 | 176,751.70 |
| | | <u>5,700,000.00</u> | <u>1,717,010.20</u> |

Note 4.1

Stationery & office requisites

| | | |
|--|-------------------|---------------------|
| Opening Balance | 1,115,446.15 | 523,264.50 |
| Add : Purchases During The Year | 533,737.50 | 3,129,880.65 |
| Less : Closing Balance | (1,115,446.15) | (1,115,446.15) |
| Consumed During the year | 533,737.50 | 2,537,699.00 |

Note 4.2

Cleaning & Material

| | | |
|--|------------------|-------------------|
| Opening Balance | 214,949.26 | 8,005.00 |
| Add : Purchases During The Year | 50,326.00 | 370,567.50 |
| Less : Closing Balance | (214,949.26) | (214,949.26) |
| Consumed During the year | 50,326.00 | 163,623.24 |

Note 5**Maintenances Expenditure**

| | | | |
|------------------------|---------------------|---------------------|---------------------|
| Vehicles | 2,000,000.00 | 880,290.53 | 3,019,012.35 |
| Office Equipment | 200,000.00 | 165,247.27 | 610,220.36 |
| Buildings & Structures | 300,000.00 | 197,980.80 | 648,242.60 |
| Boats & Vassals | 1,000,000.00 | | |
| Machinery | 250,000.00 | 166,420.00 | 517,421.48 |
| | <u>3,750,000.00</u> | <u>1,409,938.60</u> | <u>4,794,896.79</u> |

Note 6**Contractual Services**

| | | | |
|---------------------|----------------------|---------------------|----------------------|
| Telecommunication | 4,500,000.00 | 1,738,979.35 | 3,608,238.18 |
| Postal Charges | | 219,741.45 | 818,191.40 |
| Electricity | 10,000,000.00 | 3,083,526.02 | 7,213,524.62 |
| Water | | 1,441,249.58 | 3,270,534.02 |
| Rent & hire Charges | 1,000,000.00 | 736,924.00 | 1,703,945.13 |
| Rates & Taxes | 1,000,000.00 | 683,596.07 | 2,682,604.97 |
| Others | 150,000.00 | 27,166.98 | 140,604.00 |
| Security Charges | 5,000,000.00 | - | 7,598,985.75 |
| | <u>21,650,000.00</u> | <u>7,931,183.45</u> | <u>27,036,628.07</u> |

Note 7**Training**

Training Materials

| | | | |
|-------------------|---------------|--------------|---------------|
| C .T .C .Colleges | 20,500,000.00 | 946,925.45 | 11,757,722.45 |
| C.T.C. University | | 6,557,736.86 | 26,165,571.15 |

Project Expenses

SSDP-Recurrent

| | | | |
|-------------|---------------|---------------|--------------|
| Expenditure | 11,200,000.00 | 10,382,144.50 | 2,542,442.47 |
|-------------|---------------|---------------|--------------|

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| | | | |
|--|----------------------|----------------------|----------------------|
| | <u>31,700,000.00</u> | <u>19,886,806.81</u> | <u>40,465,736.07</u> |
|--|----------------------|----------------------|----------------------|

Note 8 Others

Uniform

| | | | |
|---------------------------|--------------|--------------|---------------|
| Capacity Building | | 62,675.00 | 3,348,413.87 |
| Advertisements & Printing | | - | 427,733.76 |
| Staff welfare | 1,000,000.00 | 681,092.17 | 2,173,878.53 |
| Entertainment | | 141,873.10 | 849,517.10 |
| Board Member Fees | 750,000.00 | 120,155.50 | 575,530.98 |
| Bank Charges | | 14,423.28 | 34,528.26 |
| Consultancy | 300,000.00 | - | 152,612.50 |
| Janitorial Service | 400,000.00 | 29,890.00 | 1,255.00 |
| NARA Transport | | - | 231,451.50 |
| Legal & Other Allowance | 500,000.00 | 139,055.50 | 991,013.48 |
| Beach Festival | | | |
| Diets & Uniform | 250,000.00 | 16,704.00 | 2,765,612.44 |
| | | - | 444,750.00 |
| Other | | 38,885.60 | 528,202.51 |
| | 3,200,000.00 | 1,344,754.15 | 12,524,499.93 |

Note - 09 - Property Plant & Equipment

| | | Cost as at 01.01.2015 | Acquisition / (Disposals) During the Year | Depreciation for the Year | Accumulated Depreciation 17.06.2015 | Balance as at 17.06.2015 |
|------------------------------------|---------|--------------------------|--|------------------------------|---|-----------------------------|
| Land & Land Improvement | 2105 | 7,218,144.28 | | | 213,485.45 | 7,004,658.83 |
| Building Lease Hold | 2001 | 7,031,981.78 | | | 7,031,980.78 | 1.00 |
| Rehabilitation of Building | 2001/01 | 113,555,762.84 | | | 42,109,859.04 | 71,445,903.80 |
| Infrastructure - Negombo Jetty | 2001/02 | 379,687.57 | | | 265,780.92 | 113,906.65 |
| Acq- Plant & Machinery | 2103 | 80,385,586.78 | 1,489,151.00 | 99,276.73 | 23,081,289.96 | 58,793,447.82 |
| Acq- Building Rehabilitation of | 2104 | 102,775,128.74 | 138,944.25 | 5,847.21 | 3,615,663.01 | 99,298,409.98 |
| Boat & Vessels | 2005/02 | 11,750,593.02 | 66,000.00 | 3,300.00 | 5,980,460.36 | 5,836,132.66 |
| Fishing Gear Equipment | 2107/02 | 37,273,126.17 | | | 15,003,341.05 | 22,269,785.12 |
| Communication Outlay | 2103/02 | 1,076,476.45 | | | 817,764.01 | 258,712.44 |
| Furniture & Fittings | 2102 | 31,810,259.40 | 1,187,490.00 | 69,580.67 | 13,601,563.99 | 19,396,185.41 |
| Name Boards | 2106/02 | 969,114.80 | | | 399,296.70 | 569,818.10 |
| Library Books | 2107/03 | 11,369,078.43 | 4,316.85 | 167.92 | 4,282,655.85 | 7,090,739.43 |
| Other Assets | 2106/00 | 1,530,059.76 | 269,601.00 | 15,726.73 | 638,029.91 | 1,161,630.85 |
| Rehabilitation of Vehicles | 2003 | 16,674,035.46 | | | 15,743,798.37 | 930,237.09 |
| Computers | 2103/03 | 31,211,625.93 | | | 29,137,481.42 | 2,074,144.51 |

| | | | | | | |
|--|---------|----------------|--------------|------------|----------------|----------------|
| Acq - Vehicle | 2101 | 12,461,710.53 | | | 12,461,709.53 | 1.00 |
| Work in Progress- Negombo Hostel | 2104/02 | 37,436,137.51 | | | | 37,436,137.51 |
| Laboratory Equipments | 2107/04 | 9,728,427.82 | | | 4,640,446.61 | 5,087,981.21 |
| Rehabilitation of office Equipments | 2004/00 | 464,342.69 | | | 225,244.70 | 239,097.99 |
| Rehabilitation of Plant & Machinery | 2002 | 2,492,106.91 | | | 852,232.11 | 1,639,874.80 |
| Containers | 2106/01 | 369,000.00 | | | 295,200.00 | 73,800.00 |
| Acq-Training Equipments | 2107 | 28,558,081.69 | 5,589,312.42 | 376,787.49 | 3,348,924.75 | 30,798,469.36 |
| Rehabilitation of Training Equipments | 2005/00 | 2,033,434.54 | | | 109,250.00 | 1,924,184.54 |
| Work in Progress- Chairman Office building | 2104/03 | 20,185,385.00 | | | | 20,185,385.00 |
| SSDP Working progress -Jaffna Building | 2104/03 | 27,646,398.62 | | | | 27,646,398.62 |
| | | 596,385,686.72 | 8,744,815.52 | 570,686.75 | 183,855,458.52 | 421,275,043.72 |

Note 10 Staff Loan

| | | |
|------------------|---------------------|---------------------|
| Distress Loan | 6,826,903.53 | 6,918,294.66 |
| Festival Advance | 1,390,250.00 | 187,500.00 |
| Book Loan | 1,000.00 | 2,700.00 |
| T sunami loan | 191,464.23 | 191,464.23 |
| | <u>8,409,617.76</u> | <u>7,299,958.89</u> |

Note 11 Stocks at 31/12/2014

| | | |
|----------------------------|---------------------|---------------------|
| stationery | 1,115,446.15 | 1,115,446.15 |
| Cleaning & Other Materials | 214,949.26 | 214,949.26 |
| | <u>1,330,395.41</u> | <u>1,330,395.41</u> |

Note 12 Receivables

| | | |
|---------------------------------------|----------------------|----------------------|
| Refundable Deposits(Electricity NARA) | 218,750.00 | 218,750.00 |
| Refundable Deposits(Vehicle Rent)) | 47,000.00 | 47,000.00 |
| Advances | 5,383,537.71 | 3,740,167.71 |
| Deposits(Hostel Deposits) | 1,708,500.00 | 1,708,500.00 |
| Course Fees Receivable-University | 10,624,173.10 | 10,624,173.10 |
| Salary Advance | 291,500.00 | 103,500.00 |
| Hostel fees-Receivable | 3,659,854.00 | 3,659,854.00 |
| NARA Refundable | 930,592.50 | 930,592.50 |
| Refundable Hostel Fees | 120,000.00 | 120,000.00 |
| Travelling Advanced | 15,000.00 | 15,000.00 |
| Ceylon Oxygen (Pvt)ltd | 59,000.00 | 47,000.00 |
| Refundable Tender Deposits | 1,215,800.00 | 1,215,800.00 |
| NARA Refundable | 180,000.00 | 180,000.00 |
| Audit Fees | 67,247.50 | 67,247.50 |
| EPF- Receivable | 338,580.00 | 338,580.00 |
| | <u>24,859,534.81</u> | <u>23,016,164.81</u> |

| | | | |
|------------------|---|-------------------------|-------------------------|
| Note 13 | Cash & cash Equivalents | | |
| | Cash at Bank- Peoples Bank-9868 | 8,442,952.50 | 292,396.41 |
| | Cash at Bank- Peoples Bank-9909 | 634,265.82 | 1,154,875.69 |
| | | <u>9,077,218.32</u> | <u>1,447,272.10</u> |
| Note 14 | Accumulated Fund | | |
| | Opening Balance | 561,964,884.34 | 469,514,884.34 |
| | Add: Government Contribution | 46,800,000.00 | 92,450,000.00 |
| | | | |
| | SSDP-Accumulated Fund | <u>132,721,471.32</u> | <u>60,505,921.12</u> |
| | | | |
| | Closing Balance | <u>741,486,355.66</u> | <u>622,470,805.46</u> |
| Note 15 | Accumulated Surplus/(Deficits) | | |
| | Opening Balance(Deficits) During the year | (322,694,508.09) | (252,492,901.67) |
| | Prior Year Adjustment | | |
| | Add: Surplus / | <u>(6,173,788.41)</u> | <u>(71,013,053.58)</u> |
| | Closing Balance | <u>(328,868,296.50)</u> | <u>(322,689,667.70)</u> |
| Note 16 | Accrued Expenses | | |
| | EPF- Payable | | 6,624,699.00 |
| | Cancelled Cheque | | 697,854.61 |
| Note 16.1 | Accrued Expenditure | 20,820,761.35 | 107,825,111.29 |
| | | 20,820,761.35 | 115,147,664.90 |
| Note 17 | Payables | | |
| | Retention | 2,006,143.79 | 2,006,143.79 |
| | Refundable Deposits(Tender Deposit) | 112,500.00 | 112,500.00 |
| | Refundable Deposit | 26,000.00 | 21,000.00 |
| | Stamp Duty | 1,450.00 | |
| | PAYE | 3,090.39 | |
| | NARA Transport | 132,896.50 | |
| | Payables | <u>108,049.36</u> | <u>3,700.04</u> |
| | | <u>2,390,130.04</u> | <u>2,143,343.83</u> |

**Ocean University of Sri Lanka
(18.06.2015 – 31.12.2015)**

Ocean University of Sri Lanka

SIGNIFICANT ACCOUNTING POLICIES.

Period of 17th June 2015 to 31st December 2015

1. General Accounting Policies

1.3 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.

1.4 National Institute of Fisheries and Nautical Engineering convert to the Ocean University under the parliament act No 31 of 2014. The Ocean University first Financial Statement prepared since 17th June 2015 to 31st December 2015.

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.

1.9 Taxation

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

1.10 Inventories

Inventories are valued at cost adopting FIFO basis

| | 2015.12.31 (Rs.) |
|----------------|-------------------------|
| (a) Stationary | 1,810,330.66 |

1.11 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

1.12 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% |

1.9 Receivables

Receivables are reflected at their realizable values.

2. Liabilities & Provisions

2.1 Gratuity

Gratuity Provision have been made in according to the Act No 12 of 1983

2.2 Provisions

Provisions have been made for the following

| | |
|----------------------------------|---------------|
| (c) Depreciation of Fixed Assets | 37,181,558.17 |
| (d) Retirement gratuity | 10,151,234.88 |

3. Grants Received

(A) Grants Related to Income

1. Government grant received for recurrent expenditure amounting to Rs.80,700,000.00 is credited to income & Expenditure account & SSDP amounting Rs. 2,317,055,83
2. Government grants received for capital expenditure amounting to Rs. 46,163,000.00

(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
 3. Labor case L/T 3577/2012- Request Compensation for Rs 600,000/=
 4. Mr.J.A.C.S.K.S Jayasinghe Higher court Colombo HCALT/62/2011-Requesting Compensation

**OCEAN UNIVERSITY OF SRI LANKA
INDIRECT METHOD CASHFLOW STATEMENT
CONSOLIDATED CASH FLOW STATEMENT FOR PERIOD ENDED
31st DECEMBER 2015**

| | <u>12/31/2015</u> | <u>06/17/2015</u> |
|--|--------------------------|-------------------------|
| | Rs. | Rs. |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Profit /(Loss) before Taxation | - | (6,173,788) |
| ADJUSTMENTS FOR | | |
| Gratuity Provisions | 10,151,235 | |
| Depreciation | 37,181,558 | 570,687 |
| Prior year Adjustments | (6,079,478) | (4,540.00) |
| Operating profit before working capital changes | 41,253,315 | (5,607,641) |
| (Increase)/Decrease in inventories | (479,935) | |
| (Increase)/Decrease in Trade & other Receivables | (1,173,168) | (2,953,029) |
| Increase /(Decrease) in Trade & other Payables | 27,420,257 | (94,080,118) |
| Cash Generated from Operative Activities | 25,767,154 | (97,033,147) |
| Gratuity Paid | (645,400) | |
| Net cash Flows From Operative Activities | <u>66,375,068</u> | <u>(102,640,788)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of Property ,Plant & Equipment | (50,778,259) | (8,744,816) |
| Net cash Flows From Investing Activities | (50,778,259) | (8,744,816) |
| CASH FLOWS FROM FINANCIAL ACTIVITY | | |
| Capital Grant | 46,163,000 | 46,800,000 |
| Capital Grant (SSDP) | (979,132) | 72,215,550 |
| Net Cash Flow From Financial Activity | 45,183,868 | 119,015,550 |
| Net Increase /(Decrease) in Cash and Cash Equivalent | 60,780,677 | 7,629,946 |
| Cash & Cash Equivalent at Beginning of the Period | 9,077,218 | 1,447,272 |
| Cash & Cash Equivalent at End of the Period | <u>69,857,895</u> | <u>9,077,218</u> |

Ocean University Of Sri Lanka
Statement OF Financial Position as at 31st December 2015

| | | 31/12/2015 | | 17/06/2015 |
|---|------|---------------|---------------|-------------|
| | Note | | | |
| ASSETS | | | | |
| Non Current Assets | | | | |
| Property, plant & equipment | 9 | 434,871,745 | | 421,275,044 |
| | | | 434,871,745 | 421,275,044 |
| Current Assets | | | | |
| Staff Loan | 10 | 6,455,871 | | 8,409,618 |
| Inventories | 11 | 1,810,331 | | 1,330,395 |
| Trade & other receivable | 12 | 27,986,450 | | 24,859,535 |
| Suspense A/C | | 85,433 | | 85,433 |
| Cash & cash equivalents | 13 | 20,530,849 | 56,868,934 | 9,077,218 |
| | | | | 43,762,199 |
| Total Assets | | | 491,740,679 | 465,037,243 |
| EQUILITY & LIABILITIES | | | | |
| Capital & Reserves | | | | |
| Accumulated Funds | 14 | 786,670,223 | | 741,486,356 |
| Reserves | | | | |
| Government Grands-Jaica Accumulated Excess/(Deficits) | 15 | (384,274,820) | | - |
| | | | (328,868,297) | |
| | | | 402,395,402 | 412,618,059 |
| Non Current Liabilities | | | | |
| Interest Bearing Borrowings | | | | |
| Deferred Income | | | | |
| Provision for Gratuity | | 38,714,128 | | 29,208,293 |
| | | | 38,714,128 | 29,208,293 |
| Current Liabilities | | | | |
| Accrued Expenses | 16 | 48,388,632 | | 20,820,761 |
| Payables | 17 | 2,242,517 | | 2,390,130 |
| | | | 50,631,149 | 23,210,891 |
| Total Liabilities | | | 491,740,679 | 465,037,243 |


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Ocean University of Sri Lanka

Statement Of Financial Performance for the Period 17/06/2015 to 31/12/2015

| | Note | 31/12/2015 | 17/06/2015 |
|----------------------------|------|------------------------|-----------------------|
| Operating Revenue | | | |
| Government Grant | | 80,700,000.00 | 58,300,000.00 |
| SSDP -Recurrent Grant | | 2,317,055.83 | 1,372,693.74 |
| Other Income | 1 | 30,621,774.72 | 18,818,737.00 |
| | | <u>113,638,830.55</u> | <u>78,491,430.74</u> |
| Operating Expenses | | | |
| Personal Emoluments | 2 | 87,606,181.42 | 51,101,220.02 |
| Travelling | 3 | 1,434,389.82 | 703,619.21 |
| Supplies & consumable used | 4 | 2,892,542.15 | 1,717,010.20 |
| Maintenance | 5 | 1,396,532.12 | 1,409,938.60 |
| Contractual Services | 6 | 17,325,535.96 | 7,931,183.45 |
| Training Expenses | 7 | 10,965,150.49 | 19,886,806.81 |
| Others | 8 | 4,163,986.18 | 1,344,754.15 |
| Depreciation | 9 | 37,181,558.17 | 570,686.75 |
| Total Expenditure | | <u>162,965,876.31</u> | <u>84,665,219.19</u> |
| Net Surplus/(Deficit) | | <u>(49,327,045.76)</u> | <u>(6,173,788.45)</u> |

Ocean University of Sri Lanka

Notes to the Account

| | 2015/12/31(Rs) | 2015/06/17(Rs) |
|---------------------------------|----------------------|----------------------|
| Note 1 Income | | |
| Distress Loan Interest | 185,832.47 | 135,592.06 |
| Sundry Income | 1,621,301.71 | 114,366.00 |
| Book Loan Interest | (18.34) | 62.35 |
| <u>Course Fee Income</u> | | |
| Higher Education | 19,058,398.00 | 15,888,600.00 |
| Colleges | 6,592,118.93 | 2,403,326.58 |
| Hostel & House Rent Income | 3,164,141.75 | 272,790.01 |
| Beach Festival | 0.04 | 3,700.00 |
| 1.1 Others | | 300.00 |
| 1.2 Others | 0.16 | |
| FAO | | |
| | <u>30,621,774.72</u> | <u>18,818,737.00</u> |

| | | | |
|----------------|---------------------------------------|----------------------|----------------------|
| Note 2 | Personal Emoluments | | |
| | Salaries & Wages | 29,377,664.38 | 20,344,039.97 |
| | E.P.F | 5,820,692.45 | 4,784,970.78 |
| | E.T.F | 1,611,271.35 | 1,195,355.99 |
| | Other Allowance | 32,954,799.60 | 21,196,831.88 |
| | Overtime | 1,995,243.76 | 901,435.79 |
| | Provision for Gratuity | 10,151,234.88 | |
| | SSDP -Performance base allowance | 1,007,150.00 | 442,810.00 |
| | Visiting Lecture Fees | 4,688,125.00 | 2,235,775.61 |
| | | <u>87,606,181.42</u> | <u>51,101,220.02</u> |
| Note 3 | Travelling Expenses | | |
| | Domestic | 1,165,919.52 | 653,619.21 |
| | Foreign | 268,470.30 | 50,000.00 |
| | | <u>1,434,389.82</u> | <u>703,619.21</u> |
| Note4 | Supplies | | |
| | Stationery & office requisites | 1,288,700.56 | 533,737.50 |
| | Fuel & Lubricants for Vehicles | 1,197,869.62 | 956,195.00 |
| | Cleaning & Other material | 214,949.26 | 50,326.00 |
| | Medical Supplies | 191,022.71 | 176,751.70 |
| | | <u>2,892,542.15</u> | <u>1,717,010.20</u> |
| Note4.1 | | | |
| | Stationery & office requisites | | |
| | Opening Balance | 1,115,446.15 | 1,115,446.15 |
| | Add: Purchases During The Year | 1,983,585.07 | 533,737.50 |
| | Less: Closing Balance | (1,810,330.66) | (1,115,446.15) |
| | Consumed During the year | 1,288,700.56 | 533,737.50 |
| Note4.2 | Cleaning & Material | | |
| | Opening Balance | 214,949.26 | 214,949.26 |
| | Add: Purchases During The Year | | 50,326.00 |
| | Less: Closing Balance | - | (214,949.26) |
| | Consumed During the year | 214,949.26 | 50,326.00 |
| Note 5 | Maintenances Expenditure | | |
| | Vehicles | 763,564.90 | 880,290.53 |
| | Office Equipment | 299,987.00 | 165,247.27 |
| | Buildings & Structures | 274,286.00 | 197,980.80 |
| | Machinery | 58,694.22 | 166,420.00 |
| | | <u>1,396,532.12</u> | <u>1,409,938.60</u> |

Note 6 Contractual Services

| | | |
|---------------------|----------------------|---------------------|
| Telecommunication | 2,636,486.87 | 1,738,979.35 |
| Postal Charges | 296,933.92 | 219,741.45 |
| Electricity | 4,095,506.95 | 3,083,526.02 |
| Water | 1,418,296.45 | 1,441,249.58 |
| Rent & hire Charges | 1,336,765.88 | 736,924.00 |
| Rates & Taxes | 1,465,878.94 | 683,596.07 |
| Others | 65,942.00 | 27,166.98 |
| Security Charges | 6,009,724.95 | |
| | <u>17,325,535.96</u> | <u>7,931,183.45</u> |

Note 7 Training

| | | |
|----------------------------|----------------------|----------------------|
| Training Materials | | |
| C .T .C .Colleges | 4,199,845.34 | 2,946,925.45 |
| C.T.C. University | 6,765,305.15 | 6,557,736.86 |
| Project expenses | | |
| SSDP-Recurrent Expenditure | | 10,382,144.50 |
| | <u>10,965,150.49</u> | <u>19,886,806.81</u> |

Note 8 Others

| | | |
|---------------------------|---------------------|---------------------|
| Uniform | | |
| Capacity Building | 107,748.00 | 162,675.00 |
| Advertisements & Printing | - | |
| staff welfare | 741,047.47 | 681,092.17 |
| Entertainment | 1,574,194.34 | 141,873.10 |
| Board Member Fees | 387,000.00 | 120,155.50 |
| Bank Charges | 20,752.84 | 14,423.28 |
| Consultancy | 707,500.00 | |
| Janitorial Service | 274,519.20 | 29,890.00 |
| NARA Transport | 3,563.33 | |
| Legal & Other Allowance | 263,499.00 | 139,055.50 |
| Diets & Uniform | - | 16,704.00 |
| Other | 84,162.00 | 38,885.60 |
| | <u>4,163,986.18</u> | <u>1,344,754.15</u> |

Note - 09 - Property Plant & Equipment

| Description | Cost as at 18.06.2015 | Acquisition / (Disposals / Transfer) During the period | Depreciation for the period | Accumulated Depreciation 31.12.2015 | Balance as at 31.12.2015 |
|---|-----------------------|---|-----------------------------|-------------------------------------|--------------------------|
| Land & Land Improvement 2105 | 7,218,144.28 | 40,961.25 | 361,589.90 | 575,075.35 | 6,684,030.18 |
| Building Lease Hold Rehabilitation of Building 2001 | 7,031,981.78 | | | 7,031,980.78 | 1.00 |
| 2001/01 | 113,555,762.84 | 1,120,830.40 | 5,681,994.52 | 47,791,853.56 | 66,884,739.68 |
| Infrastructure - Negombo Jetty Acq- Plant & Machinery 2103 | 379,687.57 | | 18,984.38 | 284,765.30 | 94,922.27 |
| 2103/02 | 81,874,737.78 | 10,895,303.96 | 8,048,973.26 | 31,130,263.22 | 61,639,778.52 |
| Acq- Building 2104 | 102,914,072.99 | 15,157,397.20 | 5,271,310.72 | 8,886,973.73 | 109,184,496.46 |
| Rehabilitation of Boat & Vessels 2005/02 | 11,816,593.02 | 15,435.00 | 1,175,400.01 | 7,155,860.37 | 4,676,167.65 |
| Fishing Gear Equipment 2107/02 | 37,273,126.17 | | 3,727,312.62 | 18,730,653.67 | 18,542,472.50 |
| Communication Outlay 2103/02 | 1,076,476.45 | | 107,647.65 | 925,411.66 | 151,064.79 |
| Furniture & Fittings 2102 | 32,997,749.40 | 9,266,628.20 | 3,217,862.03 | 16,819,426.02 | 25,444,951.58 |
| Name Boards 2106/02 | 969,114.80 | | 96,911.48 | 496,208.18 | 472,906.62 |
| Library Books 2107/03 | 11,373,395.28 | 4,281,165.58 | 1,136,907.84 | 5,419,563.69 | 10,234,997.17 |
| Other Assets Rehabilitation of Vehicles 2106/00 | 1,799,660.76 | | 76,502.98 | 714,532.89 | 1,085,127.87 |
| 2003 | 16,674,035.46 | 1,811,948.58 | 36,280.23 | 15,780,078.60 | 2,705,905.44 |
| Computers 2103/03 | 31,211,625.93 | | 2,074,143.51 | 31,211,624.93 | 1.00 |
| Acq - Vehicle 2101 | 12,461,710.53 | 21,150.00 | 2,203.13 | 12,463,912.66 | 18,947.87 |
| Laboratory Equipments 2107/04 | 9,728,427.82 | | 972,842.78 | 5,613,289.39 | 4,115,138.43 |
| Rehabilitation of office Equipments 2004/00 | 464,342.69 | 1,169,408.38 | 83,052.32 | 308,297.02 | 1,325,454.05 |
| Rehabilitation of Plant & Machinery 2002 | 2,492,106.91 | 118,340.00 | 249,210.69 | 1,101,442.80 | 1,509,004.11 |
| Containers 2106/01 | 369,000.00 | 3,455.00 | 36,900.00 | 332,100.00 | 40,355.00 |
| Acq-Training Equipments 2107 | 34,147,394.11 | 60,000.00 | 2,856,408.17 | 6,205,332.92 | 28,002,061.19 |
| Rehabilitation of Training Equipments 2005/00 | 2,033,434.54 | 6,816,235.89 | 206,863.22 | 316,113.22 | 8,533,557.21 |
| Work in Progress- Negombo Hostel SSDP Working progress -Jaffna Building 2104/02 | | 37,436,137.51 | 935,903.44 | 935,903.44 | 36,500,234.07 |
| 2104/03 | | 27,646,398.62 | 806,353.29 | 806,353.29 | 26,840,045.33 |
| Sub Total (A) | 519,862,581.11 | 115,860,795.57 | 37,181,558.17 | 221,037,016.69 | 414,686,359.99 |

Note - 09.01 Working progress Details

| | | Cost as at 18.06.2015 | Acquisition / (Disposals) During the period | Depreciation for the period | Accumulated Depreciation 31.12.2015 | Balance as at 31.12.2015 |
|---|---------|--------------------------|--|-----------------------------------|---|-----------------------------|
| Work in Progress- Negombo Hostel | 2104/02 | 37,436,137.51 | (37,436,137.51) | | - | - |
| Work in Progress- Chairman Office building | 2104/03 | 20,185,385.00 | | | | 20,185,385.00 |
| SSDP Working progress - Jaffna Building | 2104/03 | 27,646,398.62 | (27,646,398.62) | | - | - |
| Sub Total | (B) | 85,267,921.13 | (65,082,536.13) | - | - | 20,185,385.00 |
| Total (A) + (B) | | 605,130,502.24 | 50,778,259.44 | 37,181,558.17 | 221,037,016.69 | 434,871,744.99 |

Note 10 Staff Loan

| | | |
|------------------|---------------------|---------------------|
| Distress Loan | 6,158,656.60 | 6,826,903.53 |
| Festival Advance | 105,000.00 | 1,390,250.00 |
| Book Loan | 750.00 | 1,000.00 |
| Tsunami loan | 191,464.23 | 191,464.23 |
| | <u>6,455,870.83</u> | <u>8,409,617.76</u> |

Note 11 Stocks at 31/12/2015

| | | |
|----------------------------|---------------------|---------------------|
| stationery | 1,810,330.66 | 1,115,446.15 |
| Cleaning & Other Materials | - | 214,949.26 |
| | <u>1,810,330.66</u> | <u>1,330,395.41</u> |

Note 12 Receivables

| | | |
|--|----------------------|----------------------|
| Refundable Deposits(Electricity NARA) | 218,750.00 | 218,750.00 |
| Refundable Deposits(Vehicle Rent)) | 47,000.00 | 47,000.00 |
| Advances | 3,740,167.71 | 5,383,537.71 |
| Deposits(Hostel Deposits) | 1,708,500.00 | 1,708,500.00 |
| Course Fees Receivable-University | 15,754,623.10 | 10,624,173.10 |
| Salary Advance | 132,500.00 | 291,500.00 |
| Hostel fees-Receivable | 3,325,054.00 | 3,659,854.00 |
| Ministry of Fisheries & Aquatic | 930,592.50 | 930,592.50 |
| Refundable Hostel Fees | 120,000.00 | 120,000.00 |
| Travelling Advanced | 15,000.00 | 15,000.00 |
| Ceylon Oxygen (PVT) Ltd | 18,635.00 | 59,000.00 |
| Refundable Tender Deposits | 1,215,800.00 | 1,215,800.00 |
| NARA Refundable | 180,000.00 | 180,000.00 |
| Audit Fees | 67,247.50 | 67,247.50 |
| EPF- Receivable | 338,580.00 | 338,580.00 |
| Refundable Deposit | 174,000.00 | |
| | <u>27,986,449.81</u> | <u>24,859,534.81</u> |

Note 13 Cash & cash Equivalent

| | | |
|---------------------------------|----------------------|---------------------|
| Cash at Bank- Peoples Bank-9868 | 20,463,695.04 | 8,442,952.50 |
| Cash at Bank- Peoples Bank-9909 | 67,154.19 | 634,265.82 |
| | <u>20,530,849.23</u> | <u>9,077,218.32</u> |

| | | | |
|------------------|---|-------------------------|-------------------------|
| Note14 | Accumulated Fund | | |
| 14.1 | Government Contribution | 654,927,884.34 | 608,764,884.34 |
| | Skills Sector Development Project | | |
| 14.2 | Grant | 131,742,338.42 | 132,721,471.32 |
| | | <u>786,670,222.76</u> | <u>741,486,355.66</u> |
| 14.1 | Government Contribution | | |
| | Opening Balance | 608,764,884.34 | 561,964,884.34 |
| | Received During the Period | 46,163,000.00 | 46,800,000.00 |
| | | <u>654,927,884.34</u> | <u>608,764,884.34</u> |
| | Skills Sector Development | | |
| 14.2 | Project Grant | | |
| | Opening Balance | 132,721,471.32 | 60,505,921.10 |
| | Received/(Adjustment) During the Period | (979,132.90) | 72,215,550.22 |
| | | <u>131,742,338.42</u> | <u>132,721,471.32</u> |
| Note 15 | Accumulated Surplus/(Deficits) | | |
| | Opening Balance(Deficits) During the year | (328,868,296.54) | (322,694,508.09) |
| | Prior Year Adjustment | (6,079,478.12) | |
| | Add: Surplus /(Deficits) | (49,327,045.76) | (6,173,788.45) |
| | Closing Balance | <u>(384,274,820.42)</u> | <u>(328,868,296.54)</u> |
| Note 16 | Accrued Expenses | 6,624,699.00 | 6,624,699.00 |
| | EPF- Payable | 697,854.61 | 697,854.61 |
| | Cancelled Cheque | 41,066,078.42 | 13,498,207.74 |
| Note 16.1 | Accrued Expenditure | <u>48,388,632.03</u> | <u>20,820,761.35</u> |
| Note 17 | Payables | 2,006,143.79 | 2,006,143.79 |
| | Retention | 188,404.62 | 112,500.00 |
| | Refundable Deposits(Tender Deposit) | | 26,000.00 |
| | Refundable Deposit | 1,450.00 | 1,450.00 |
| | Stamp Duty | 3,090.00 | 3,090.00 |
| | PAYE | | 132,896.50 |
| | NARA Transport | 43,428.00 | 108,049.36 |
| | Payables | <u>2,242,516.41</u> | <u>2,390,129.65</u> |

12 Report of Auditor General

National Institute of Fisheries & Nautical Engineering

(01.01.2015 – 17.06.2015)



විගණකාධිපති දෙපාර්තමේන්තුව கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம் AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல. } VTY/G/NIFENI/1/15/7
My No. }

මගේ අංකය
உமது இல. }
Your No }

දිනය
திகதி } 29 November 2017
Date }

The Vice Chancellor,
Ocean University of Sri Lanka.

Report of the Auditor General on the Financial Statements of the National Institute of Fisheries and Nautical Engineering for the period ended 17 June 2015 in terms of Section 14 (2)(c) of the Financial Act No.38 of 1971.

The audit of Financial Statements of the National Institute of Fisheries and Nautical Engineering for the period ended 17 June 2015 comprising the statement of financial position as at 17 June 2015 and the statement of financial performance, and cash flow statement for the period 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 the Section 13(1) of the Finance Act, No.38 of 1971 and Section 25 of the National Institute of Fisheries and Nautical Engineering Act, No.36 of 1999. My comments and observations which I consider should be published with the Annual Report of the Institute 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's, preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of 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 audit opinion.

1.4 Dissolution of activity of the Institute

In terms of Sections 01 and 71 of the Sri Lanka Ocean University Act No.31 dated 07 September 2014, since the date of 17 June 2015 published in the gazette by the relevant Minister the National Institute of Fisheries and Nautical Engineering Act No.36 of 1999 had been rescinded and all movable and immovable properties and all liabilities as at that date had been transferred as assets and liabilities of the Ocean University.



1.5 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 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 National Institute of Fisheries and Nautical Engineering as at 17 June 2015 and its financial performance and cash flows for the period 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

The following observations are made.

(a) Sri Lanka Public Sector Accounting Standard 01

- (i) A statement of changes in equity/ net assets had not been presented along with the financial statements in terms Paragraph 21 (c) of the Standard.

- (ii) Even though the financial statements had been prepared by indicating information relating to the year 2014 comparatively along with the information relating to the accounting period under review ended as at 17 June 2015, the fact that the comparative amounts shown in the financial statements were not entirely comparable had not been disclosed in terms of Paragraph 66 of the Standard.



(b) **Sri Lanka Public Sector Accounting Standard 07**

In terms of Paragraph 47 of the standard, some items of property plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation such frequent revaluations are unnecessary for items of Property, Plant and Equipment with only in significant changes in fair value. Instead, it may be necessary to reevaluate the items only every three or five years. However, the Property, Plant and Equipment the net value of which amounted to Rs.421,275,044 of the Institute shown in the accounts had not been revaluated since the inception of the Institute in the year 1999.

(c) **Sri Lanka Public Sector Accounting Standard 09**

Even though the closing stock should be valued at cost or net realizable value whichever is lower and shown in the financial statements in terms of Paragraph 15 of the standard, without being so valued, the value of closing stock as at 31 December of the previous year amounting to Rs.1,330,395 had been shown as the closing stock as at the end of the period under review.

2.2.2 Accounting Policies

The following observations are made.

- (a) The value of government capital grants and the capital grants received from the Sector Skilled Development Program by the end of the period under review amounted to Rs.608,764,884 and Rs.132,721,471 respectively and the value of net assets represented thereby amounted to Rs.421,275,043. However, those assets had not been amortized and an accounting policy therefor had not been recognized as well.
- (b) Instances of non-compliances with the accounting policies disclosed in the financial statements are given below.



- (i) Even though, it was stated in the accounting policy that the provision for gratuity be made for employees who had completed the service period of 5 years, the provision for gratuity had been made since the service period of 01 year.
- (ii) The classification of assets had not been shown under Note 9 to accounts in accordance with assets classification stated under accounting policy 1.8 in the financial statements.

2.2.3 Accounting Deficiencies

The following observations are made.

- (a) Provision for depreciation had been made only on fixed assets acquired during the accounting period and the depreciation for other assets had not been made. As a result, depreciation for the period had been understated by Rs.23,540,737 and the net value of fixed assets had been overstated by that amount.
- (b) Provision for employees gratuity relating to the period under review had not been made.
- (c) Provision for audit fees payable for the period from 2013 to 2015 had not been made in the financial statements.
- (d) Balances of festival advances and distress loans totalling Rs.8,217,153 had been shown under investment in the statement of financial position instead of showing it under current assets.
- (e) Instead of showing the value of work-in progress as at 17 June 2015 amounting to Rs.85,267,921 as works-in-progress in the statement of Financial Position, it had been shown under Property, Plant and Equipment.



2.2.4 Suspense Accounts

Action had not been taken to identify and settle the balance of Rs.85,433 in the Suspense Account shown under current assets in the financial statements since the year 2011, even by the end of the period under review.

2.2.5 Lack of Evidence for audit

Evidence indicated against the following items of accounts was not made available for audit.

| <u>Item of Account</u> | <u>Value</u> | <u>Evidence not made available</u> |
|--------------------------|--------------|---|
| | Rs. | |
| (i) Deposit Account | 2,106,936 | } Register of Deposits, Advance Registers |
| (ii) Advances | 3,740,168 | |
| (iii) Retentions Payable | 2,118,644 | |

2.3 Accounts Receivable and Payable

The following observations are made.

- (a) Without being recovered the course fees totalling Rs.10,688,673 due from students from the year 2011 to 2014, degree certificates had been issued. As this money was impossible to recover, it was decided to write of those course fees by the Board of Control at the meeting held on 06 October 2016.
 - (b) Action had not been taken to recover the hostel fees of Rs.798,671 recoverable for the period 2003 to 2006 and it was impossible to recover this money as the students had left the Institute after being completed the courses. In addition, students hostel fees of Rs.2,861,183 from 2009 to the end of the period under review in 2015, had also been not recovered.
 - (c) Employees Provident Fund contributions of Rs.6,624,699 payable as at the end of the period under review had not been settled.
-



- (d) Action had not been taken to recover Tsunami loan balances totalling Rs.191,464 recoverable from 6 officers, remained outstanding for more than 10 years even during the period under review.

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

The following non-compliances with laws, rules, regulations and management decisions were observed.

| <u>Reference to laws, rules etc.</u> | <u>Non-compliance</u> |
|--|--|
| (a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka. | |
| (i) Financial Regulations 570, 571 (3) | Action had not been taken to settle or to credit to government revenue the deposits totalling Rs.2,056,844 and students hostel deposits of Rs.58,000 lapsed for more than 2 years from the date of deposit in terms of Financial Regulation. ✓ |
| (ii) Financial Regulation 394 | Action in terms of Financial Regulation had not been taken in respect of 55 cancelled cheques totalling Rs.697,854 brought forward since 2012. |
| (iii) Financial Regulation 835 (1)(c) and 2(d) | Without the authority of the Secretary to the Ministry concerned in terms of Financial Regulations, the valuation of the Department of Valuation or if not, without referring it for a decision to the Secretary to the Ministry in charge of Department, rent agreements had been |



entered into for renting of 3 students' hostels on lease basis and refundable advances of Rs.1,708,500 had been paid.

- (b) Treasury Circular No.842 of 19 December 1978. A register of fixed assets in respect of fixed assets the net valued of which amounted to Rs.421,275,044 had not been maintained.
- (c) Treasury Circular No.IAI/2002/02 of 28 November 2002. A register of fixed assets in respect of Computers, Accessories and Software costing at Rs.31,211,625 had not been maintained.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial results of the Institute for the period ended 17 June of the year under review had been a deficit of Rs.6,173,788 as compared with the deficit of Rs.71,013,054 for the preceding year. However, as a result of indifferences of the periods based on the preparation of accounts, the financial performance relating to that could not be evaluated.

4. Operating Review

4.1 Performance

According to the National Institute of Fisheries and Nautical Engineering Act No.36 of 1999, this Institute had been established for the purpose of improving the technological and Management Skills of Persons engaged or expected to be engaged in the fisheries industry. Apart from conducting training courses, it was observed in audit that activities to achieve, the following functions stated in the Act had not been performed.



- (i) Conducting discussions and seminars, group discussions and arranging such programs on the education of Fisheries and Nautical Engineering field with the assistance of National and International Organizations.
- (ii) Promotion for conducting tests, surveys and investigations in respect of Fisheries and Nautical Engineering Technology Education and project training.
- (iii) Exchange of teachers and students with institutions in Sri Lanka or Foreign Countries having similar objectives of the Institute and Co-operate with them through other methods.
- (a) As the information in respect of the action plan of the Institute and the actual performance had been presented for the entire year of 2015, the performance relating to the period under review could not be evaluated. However, according to the action plan prepared for the year 2015, the particulars of number of courses being conducted by 8 colleges belonged to the Institute and the member of students enrolled for Diploma Courses and Certificate Courses are given below.

| Name of College | Targets | | Actual | | Percentage | |
|-----------------|---------------|----------------|---------------|----------------|---------------|----------------|
| | No.of courses | No.of Students | No.of courses | No.of Students | No.of courses | No.of Students |
| Tangalle | 23 | 529 | 6 | 158 | 26 | 30 |
| Negambo | 14 | 420 | 4 | 66 | 28 | 15 |
| Mattakkuliya | 9 | 194 | 6 | 111 | 67 | 57 |
| Batticalow | 16 | 807 | 3 | 49 | 19 | 06 |
| Galle | 12 | 255 | 3 | 42 | 25 | 16 |
| Jaffna | 08 | 275 | 3 | 36 | 38 | 13 |
| Kalutara | 09 | 140 | 2 | 20 | 33 | 14 |
| Trincomallee | 10 | 105 | 3 | 54 | 30 | 51 |
| Total | 101 | 2,725 | 30 | 536 | 30 | 20 |



The following observations are made.

- (i) It was planned to conduct 06 Diploma Courses and 26 Certificates, Mobile and Other Courses during the year under review and targeted to enroll 367 students, 2,358 students respectively, 2,725 in total, but only 536 students consisting of 76 students and 460 students respectively had been enrolled during the period under review.

Accordingly, the enrollment of students for courses had been as low level as 21 per cent and 20 per cent respectively. Furthermore, in considering the percentage of enrollements to each College, it was 57 per cent 51 per cent and 30 per cent to Mattakkuliya, Trincomalee and Tangalle respectively but all other colleges had enrolled students less than 20 per cent.

- (ii) Of the above 536 students enrolled for courses, 459 students were proposed to complete the courses but 120 students or 26 per cent had dropped out from the courses.

- (iii) Even though, it was planned to commence 32 courses by 8 colleges belonging to the Institute, taken as a whole, 14 of them and 3 courses, not planned had been conducted. Further, it was observed that seven colleges had planned to commence Diploma courses but courses had been commenced only in the Mattakkuliya and Kaluthara Colleges. Accordingly, except the Mattakkuliya College, the percentage of courses actually commenced in each college had been less than 40 per cent as compared with the number of courses planned to be commenced.



- (iv) Even though, the newspaper advertisements for the enrolment of students had been published in November and December 2014, enrollment of students by 8 colleges had been done in various durations of the year. As the enrollment of students for the same course had been carried out on various dates, it was observed in audit that there were inconsistencies in the enrollments and holding examinations by 8 colleges.

The Vice Chancellor had informed the audit that the following reasons had affected not to commence courses and enroll students as planned.

- * Minimal and lack of facilities required to students.
- * Non-receipt of adequate applications for courses by students.
- * Lack of instructors and University lecturers required for the commencement of courses.
- * Certain courses could not be completed within the expected periods. (due to rudeness of sea, postponement of diving and dearth of instructors)
- * Even though, it was planned to commence Marine Engineering and Deck Officers Diploma Courses, they could not be commenced since the year 2015 as non-availability of ISO 9001:2008 quality Certificate for centres and the registrations of the Ministry of Shipping.
- * Due to insufficient human resources required, courses had been conducted by employing same instructors/ lecturers in several centres, and as such courses could not be commenced outright in all centres.

(b) Degree Courses

The following matters were observed in respect of students enrolled for degree courses during the period under review.



- (i) During the period under review, 87 students for 4 degree courses had been enrolled and as compared with 107 students for 3 degree courses enrolled in the preceding year, a decrease of 23.4 per cent was observed.
- (ii) According to the action plan for the year under review, it was anticipated to enroll 175 students for 05 courses, only 87 students could be able to enrolled, representing only 50 per cent. The Vice Chancellor had informed the audit that out of 250 applications received approximately, 150 selected students had participated in the interview and only 87 thereof had been registered for study courses and as such the targeted number of students could not be enrolled.

(c) Accreditation of courses

The following observations are made.

- (i) Accreditation of courses are carried out by each University and only 4 courses out of 14 courses conducted during the period under review had been accredited.
- (ii) According to the information made available by the Mattakkuliya College, 32 NVQ Certificates had been awarded for students enrolled during the period 2013 to 2015. However, instead of NVQ 4 and 5 stated in the enrollment of those students, NVQ 2 and 3 had been awarded for those courses at the examination held by the Tertiary and Vocational Education Commission and as such it was observed in audit that the quality of those courses had been at a minimal level.
The Vice Chancellor had informed the audit that due to dearth of infrastructure facilities and instructors required to obtain NVQ level, accreditation was delayed and conducting courses at NVQ 4, 5 levels had been started by now.



(d) Publicity expenses incurred on enrollment of students to courses

Even though a sum of Rs.3,669,132 had been spent for newspaper advertisements and Television Programs for the enrollment of students for various courses during the year under review, only 87 students for degree courses and 536 students for other courses had been enrolled during the period under review. As such, it was observed in audit that sufficient number of students had not applied for those courses, as compared with the publicity expenses incurred.

4.2 Management Activities

The following observations are made.

- (i) Lease agreements relating to the period from 15 March 2015 to 14 March 2016 for 2 hostels situated in Tangalle had not been registered and the particulars of fittings had not been included in all other agreements entered into for the leasing of hostels.
- (ii) The hostel at Mattakkuliya had been handed back on 18 March 2015. According to the Section 3 of the lease agreement, it was stated that if the arrears of water bills existed and any damage caused to the lease property at the end of the lease period, it should be estimated by a valuer and after deducting this money from the initial deposit, the balance money should be refunded by the lesser to the lessee. However, the assessments of the lessor and the Engineer of the College for repairs amounted to Rs.743,000 and Rs.162,250 respectively and as such the management had not taken proper action to recover the deposit money of Rs.840,000 even by 31 March 2017, the date of audit.



4.3 **Idle and Under utilized Assets**

The following observations are made.

- (a) A new 3 storied building had been constructed in the Jaffna College by incurring an expenditure of Rs.45 million in the year 2014 under the Asian Development Bank aids and it was planned to conduct 08 certificate courses during the year under review and targeted to enroll 275 students. Nevertheless, only 3 courses had been conducted and the lesser number of students as 36 had been admitted. Furthermore, the enrollment of students had been less than 30 per cent, except Mattakkuliya and Trincomale Colleges and as such physical resources of those colleges had been under utilized.
- (b) Out of equipment purchased under the Sector Skill Development Program in the previous year for regional colleges, 56 items of equipment valued at Rs.2,178,150 had not been distributed to the relevant regional colleges even up to April 2016 and remained idle.
- (c) Eight Motor Vehicles belonged to the Institute were not in running condition for several years. Action had not taken to get them repaired or to dispose of them.

4.4 **Land and Properties not formally acquired**

The following observations are made.

- (a) The ownership of land and buildings in 8 colleges, including the Head Office being utilised by the Institute from the beginning of the Institute had not been acquired in the name of the Institute and a sum of Rs.309,335,589 had been spent for the improvement of those properties by the end of the period under review.



- (b) Even though, a sum of Rs.11,750,593 had been spent for the improvement of 7 vessels used by the Institute up to the end of the period under review, the ownership of 6 of them and ownership of 4 motor vehicles included in the vehicle fleet of the Institute had not been acquired to the Institute even by the end of the year 2016.

4.5 Personnel Administration

The following observations are made.

- (a) According to the information made available to audit, the approved cadre of the Institute as at 17 June 2015 amounted to 286 and the actual cadre and vacancies were 210 and 89 respectively. There were 20 vacancies in the executive levels, including 4 directors posts which were top management posts and 8 lecturers posts and the lower grade officers had covered the day today works of the Institute. Further, 3 watchers and 10 labourers had been recruited in excess of the approved cadre.
- (b) A captain not within the approved cadre had been recruited in the year 2014 without the approval of the Department of Management Services and salaries of Rs.525,000 at a monthly salary of Rs.100,000 had been paid for the period January to June 2015. Even though, it was decided at the 144th meeting of the Board of Control that a suitable officer for this post to be selected by publishing newspaper advertisement, action had not been taken accordingly.

It was obligatory that the ISO 9001/ 2008 quality certificate should be obtained by the Institute to ascertain the CDC certificate for merchant vessels for the students who study courses in the Vocational and Higher Education Divisions. In that connection, the Vice Chancellor had informed the audit stating that, it was inevitable that a first class navigation officer in the navigation field should have been recruited but the then Board of Control had taken action to recruit a captain on work assignment basis on the verbal instructions of the Department of Trade and Shipping.



- (c) Without taking action to fill the vacancies existed in the approved cadre, 14 officers had been recruited on contract and temporary basis without the formal approval of the Department of Management Services and a sum of Rs.2,674,313 had been paid as salaries of them during the period from January to 17 June 2015.
- (d) Even though, 08 Management Assistants, 06 Office Assistants and a driver had been recruited on 15 June 2015 by the Institute, calling for applications had not been done through the Government Gazette or a newspaper advertisement in terms of the scheme of recruitments. Furthermore, the recruitment for the Post of Management Assistant should be done on a result of a written test and through an interview Board, contrary to that, they had been appointed without holding a written test.
- In the examination of the selected officers' addresses, it was observed that all those officers had been recruited from a same province and as such, it was further observed that those recruitments had been carried out contrary to the approved scheme of recruitment informally and without transparency.
- (e) Even though, the dates of appointments of the officers of the National Institute of Fisheries and Nautical Engineering had been post-dated since 2009 with the approval of the Board of Control, the approval of the Secretary to the relevant Ministry had not been obtained therefor in terms of Paragraph 1.10 of chapter 11 of the Establishments Code.
- (f) According to the Scheme of recruitments, it was stated that the external applicants applied for the Post of Assistant Registrar (Students Affairs) should have 3 years service experience in the relevant field or 5 years administrative experience internally. However, the officer recruited to that post on 16 October 2012 had no such a service experience.



6. **Systems and Controls**

Weaknesses in systems and controls observed in audit were brought to the attention of the Chairmen of the Institute from time to time. Special attention is needed in respect of the following areas of systems and controls.

| Areas of Systems and Control ----- | Observations ----- |
|--|---|
| (a) Procurements | Non-compliance with procurement guidelines in getting buildings for hostels on lease basis. |
| (b) Assets Management | Assets not legally vested. As equipment not distributed, they had become idle. |
| (c) Personnel Administration | Non-filling vacancies and recruitment made informally and without transparency. |

Ocean University of Sri Lanka x
(18.06.2015 – 31.12.2015)



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය }
எனது இல. } VTY/G/OUSL/1/15/03

මගේ අංකය }
உமது இல. } Your No. }

දිනය }
திகதி } 21 March 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 period ended 31 December 2015 from 18 June 2015 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 period ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 from 18 June 2015 and the statement of financial performance, statement of changes in equity and cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 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.

1.5 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 Ocean University of Sri Lanka for the period ended 31 December 2015 from 18 June 2015 and its financial performance and cash flows for the period 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

Sri Lanka Public Sector Accounting Standard 07

Contrary to paragraph 21 of the Standard, expenditures amounting to Rs.1,811,948 incurred for repairs and maintenance of motor vehicles had been capitalized in the year under review.

2.2.2 Accounting Policies

Fixed assets valued at Rs.605,130,502 had been purchased by using Government grants and capital grants received from other projects. Even though those assets are depreciated annually, a policy on accounting of those capital grants had not been identified by the University.

2.2.3 Accounting Deficiencies

The following observations are made.

- (a) Expenditure on security charges and receivable income from hostels relating to the preceding year had been brought to account as expenditure and income of the year under review. As such, sums of Rs.2,397,041 and Rs.1,938,343 had been overstated respectively in accounts.

- (b) The payable Provident Fund Account in financial statements had been over computed by Rs.2,699,600 due to deficiencies indicated in accounting the Employees' Provident Fund and surcharges therefor amounting to Rs.4,049,400 paid in the year under review relating to years 2008 and 2009. Moreover, the Employees' Provident Fund Account, Provident Fund Surcharge Account and Accrued Expenditure Account had been under computed by Rs.1,500,600 Rs.1,349,800 and Rs.5,550,000 respectively.
- (c) The higher education course fees, which was outstanding since the academic year of 2009/2010, had been included in the income of the year under review. As such, the income received from courses had been overstated in accounts by Rs.13,421,998 in the statement of financial performance.
- (d) The recurrent expenditure of Rs.979,132 incurred from capital grants received in the preceding year under the Sectorial Skills Development Programme had been shown as a cash outflow in the cash flow statement in the year under review.
- (e) A sum of Rs.6,079,478 which was deducted from the profit of the preceding year had been added to the loss and shown as previous year adjustments in the cash flow statement of the year under review.
- (f) In transferring assets and liabilities of the Head Office and branches of the National Institute of Fisheries and Nautical Engineering to the Ocean University of Sri Lanka, action had not been taken to revalue and account the total assets and liabilities valued at Rs.491,740,679 and Rs.89,345,277 respectively.

2.2.4 Suspense Accounts

Action had not been taken even by the end of the year under review to settle the unidentified balance of Rs.85,433 in the Suspense Account shown under current assets in the financial statements since the year 2011.

2.3 Accounts Receivable and Payable

The following observations are made.

- (a) As students, from whom balances of course fees and hostel fees amounting to Rs.5,913,500 and Rs.798,671 respectively were recoverable as at 31 December 2015, had completed courses and obtained relevant certificates and left the University and as it had been decided to conduct all courses of the University without charging fees since the year 2017, it was observed that the total recovery of those balances was uncertain.
- (b) Course fees of Rs.9,843,123 recoverable for Degree and other courses from the year 2009/2010 to the year 2015/2016 had not been recovered from students.
- (c) Action had not been taken to recover Tsunami loan balances totalling Rs.191,464 recoverable from 06 officers, brought forward for a long period.

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

The following instances of non-compliance with laws, rules, regulations and management decisions were observed.

| Reference to Laws, Rules and Regulations | Non-compliance |
|---|---|
| ----- | ----- |
| (a) Ocean University of Sri Lanka Act, No.31 of 07 September 2014 Sections 10(1), 13(1), 18, 24(1) and 28 | In terms of referred Regulations, a Chancellor and Deans had not been appointed and action had not been taken to establish the Boards of Governance, Academic Council and Faculty Boards. |



(b) **Financial Regulations of the Democratic Socialist Republic of Sri Lanka.**

Financial Regulation 394

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

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

(i) Deviating from the procurement process, 03 buildings had been obtained on lease basis at an annual lease rental of Rs.2,520,000 for students' hostels without obtaining a valuation from the Chief Valuer.

(ii) A sum of Rs.1,650,000 had been paid to lessees as initial deposits for those 03 buildings without the approval of the Secretary to the Ministry concerned.

(iii) Even though the Terms relating to payment of initial deposits should be embodied in agreements in consultation with the Attorney – General, action had not been so taken at the instance of leasing those buildings. Further, details on goods and fittings of those buildings had not been included in relevant lease agreements.

- (c) **Establishments Code of the Democratic Socialist Republic of Sri Lanka.**
- (i) Sections 4.4 and 5.6 of Chapter VII
- (i) The overpaid increment had not been rectified even during the year under review due to failure in making promotions and salary revision of the officers in terms of Sections of the Establishments Code without a proper supervision.
- (ii) Outstanding increment of Rs.151,941 had been paid to two officers who were on leave out of the island without confirming the accuracy.
- (ii) Section 6.1 of Chapter VIII
- Even though the overtime and holiday pay should be calculated on the basis of the monthly consolidated salary, a sum of Rs.2,896,680 had been paid as overtime and holiday pay during the year under review based as well on allowances paid with consolidated salary.
- (d) Treasury Circular No.842 of 19 December 1978.
- The Register of Fixed Assets had not been maintained in an updated manner in respect of fixed assets to the net value of Rs.351,346,080.
- (c) Treasury Circular No. IAI/2002/02 of 28 November 2002.
- A Register of Fixed Assets in respect of Computers, Accessories and Software costing Rs.31,211,626 had not been maintained in terms of the Circular.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the University for the year under review had been a deficit of Rs.49,327,046 . However, a sum of Rs.87,606,181 had been paid as salaries relating to that period and provisions for depreciation of Rs.37,181,558 had been readjusted, thus indicating a contribution of Rs.124,787,739 in the University.

4. Operating Review

4.1 Performance

Objectives of the University in terms of the Ocean University Act, No.31 of 2014 are as follows.

- (a) Provide for University education in the fields of fisheries, ocean sciences, maritime technology and allied fields;
- (b) Offer vocational and technical courses of study relating to fisheries and allied fields in order to cater to the manpower needs in any areas;
- (c) Disseminate knowledge relating to fisheries, marine and maritime sectors among persons who are engaged in fisheries and allied fields;
- (d) Provide for extension courses for continuous professional development in the fields of fisheries, ocean sciences, maritime technology and allied fields;
- (e) Provide vocational and technical courses for personnel in the fields of fisheries and allied fields for admission to the University;
- (f) 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; and
- (g) Provide courses of study for those who possess National Vocational Qualifications and assist them to upgrade their competency and acquire academic qualifications in the fields of fisheries, ocean sciences, maritime technology and allied fields.

The following observations are made on the achievement of those objectives.

(a) **Enrollment of Students for Courses and Conducting Examinations**

- (i) According to the information presented to Audit, 29 courses had been conducted in 08 Colleges during the year under review and the number of students enrolled therefor stood at 407. Further, the number of courses and enrollment of students of Colleges in Jaffna and Kalutara had been at a minimum level as compared with other Colleges.
- (ii) Even though the newspaper advertisements for the enrollment of students had been published in November and December 2014, enrollment of students for the similar courses by 08 Colleges had been carried out on various dates. As such, it was observed that there were inconsistencies in the enrollments and holding examinations by 08 Colleges.

(b) **Obtaining Quality Certificates of the International Organization for Standardization (ISO)**

An agreement had been entered into with a private institution on 21 December 2012 on the basis of payment of a sum of Rs.2,500,000 for consultancy services for obtaining ISO quality certificates for 04 courses in 04 Colleges and an advance of Rs.500,000 had been paid on that day. However, the period in which that consultancy service should be rendered and completed had not been included in Terms of the Agreement and ISO quality certificates had been obtained only by the Mattakkuliya College even by the end of the year 2016.

4.2 Management Activities

The following observations are made.

- (a) Even though the students' hostel at Mattakkuliya had been handed back on 31 March 2015 to the lessee, the initial deposit of Rs.840,000 had not been reimbursed even by 30 November 2017.



- (b) Action had not been taken to vest the ownership of lands, buildings and other assets of 08 Colleges located regionally, including the Head Office used from the inception of the National Institute of Fisheries Nautical Engineering, with the University.

4.3 Identified Losses

The Employees' Provident Fund and Employees' Trust Fund had not been accurately computed and as such, sums of Rs.1,349,800 and Rs.70,741 had been paid as surcharges in the year under review relating to the years 2008 and 2009.

4.4 Idle and Underutilized Assets

The following observations are made.

- (a) According to the information presented to Audit, 08 out of 29 motor vehicles belonging to the University were condemned and kept at the Head Office for a long period and action had not been taken to get them repaired or to dispose of them.
- (b) It was observed in audit that the ship called "KAYTESMARU" had been anchored at the jetty of the Negombo Training Centre without being used since the year 2013 and a sum of Rs.4,901,386 had been paid as salaries and overtime in the years 2013, 2014 and 2015 to the Watcher and training staff.
- (c) It was observed that 02 external engines purchased at a cost of Rs.1.6 million on 14 December 2014 had been kept in packages even by 21 September 2017 without being made use of. Moreover, 02 Lathe machines as well purchased at a cost of Rs.2.5 million in the year 2014 had not been fixed and supplied electricity so as to make use for training activities.



4.5 Staff Administration

The following observations are made.

- (a) In terms of Section 70 of Part XIII of the Ocean University of Sri Lanka Act, No.31 of 2014, the staff of the National Institute of Fisheries and Nautical Engineering had not been absorbed to the staff of the University as at the end of the year under review. Further, a new Scheme of Recruitment had not been prepared for the University as at the end of the year 2016.

- (b) According to the information presented to Audit, the approved cadre of the University as at the end of the year under review stood at 303 while the actual cadre stood at 205. Accordingly, 98 vacancies of the permanent staff comprising 24 Executive Officers including 03 posts of Director and 09 posts of Lecturer and 72 Non-Executive Officers including 17 Instructors and Deputy Instructors of Colleges, had not been filled. Further, 14 officers had been recruited on contract and temporary basis without the proper approval of the Department of Management Services instead of filling vacancies of the approved cadre of the University.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the draft Annual Report and financial statements should be furnished to the Auditor General within 60 days of closure of the financial year, in terms of Section 6.5.1 of the Public Enterprises Circular No. PED 12 of 02 June 2003, the financial statements had to be presented separately due to conversion of the National Institute of Fisheries and Nautical Engineering into the Ocean University of Sri Lanka with effect from 18 June 2015. Accordingly, accounts of the Ocean University of Sri Lanka relating to the year under review, had been presented only on 15 January 2018.



5.2 Action Plan

The University had commenced on 18 June 2015 and it had continuously functioned in a manner in which the National Institute of Fisheries and Nautical Engineering had operated. An Action Plan for the year under review had not been prepared in terms of the Public Finance Circular No. 01/2014 of 17 February 2014 by the University.

6. Systems and Controls

Deficiencies in systems and controls observed in audit were brought to the attention of the Chairman of the University from time to time. Special attention is needed in respect of the following areas of systems and controls.

| Areas of Systems and Controls | Observations |
|--------------------------------------|---|
| ----- | ----- |
| (a) Accounting | Failure in recording transactions and journal entries in correct accounts. |
| (b) Assets Management | (i) Failure in taking action to vest lands and buildings legally. (ii) Delay in distribution of equipment purchased for the requirements of the University. (iii) Failure in maintaining the Register of Fixed Assets properly. |
| (c) Procurement Control | Non-compliance with Procurement Guidelines and Financial Regulations in getting buildings for hostels on lease basis. |
| (d) Personnel Administration | Hindrance in conducting courses as planned due to non-filling of vacancies of the staff. |

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

H.M.Gamini Wijesinghe
 Auditor General

13 Report of Clarifications to the Auditor General's Report

National Institute of Fisheries & Nautical Engineering

(01.01.2015 – 17.06.2015)

Report of the Auditor General on the Financial Statements of the National Institute of Fisheries and Nautical Engineering for the year ended 17th June 2015 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 Sri Lanka Public Accounting Standards

(a) Sri Lanka Public Accounting Standards 01

(i) The final accounts report of the year 2015 had been submitted to the Auditor General on 16.02.2016 and the difference of the assets / mass had notified under the Note No 15.01 with those accounts. I accept that the mistake has been occurred in presenting the accounts reports for the final period ended on 17.06.2015 of National Institute of Fisheries and Nautical Engineering. (NIFNE) Actions will be taken to avoid those in future.

(ii) Actions will be taken to submit through Accounts Notes in such occasions.

(b) Sri Lanka Public Accounting Standards 07

Even though the revaluation had been carried out as at 30.09.2014 adjustment had not been carried out to the accounts as at 17.06.2015. Revaluations will be carried out under a formal methodology in future.

(c) Sri Lanka Public Accounting Standards 09

After preparing the accounts relevant to the year valuation had not been carried out with balancing the Stocks Books as at 17.06.2015.

2.2.2 Accounting Policies

(a) Proper adjustments have been carried out in the Accounts Report prepared from 18.06.2015 to 31.12.2015.

(b) (i) (ii) Calculated the accumulated depreciations under Note No 09 of the Accounts Report which submitted to the Auditor General on 26.02.2016 and it was informed us to re - prepared the accounts for the last period from 17.06 2015 and submit to the Department of Auditor General. But since the preparing of accounts had been carried out using accounts package, the allocation of depreciations had been carried out through Journal Entry No 78.

2.2.3 Accounting Deficiencies -

(a) (b) It was carried out as such since the Accounting Period is 06 months. But the adjustments had been carried out to the last period from 18.06.2015 to 31.12.2015.

(c) Allocations had not been carried out since the bills had been not presented. However actions will be taken to allocate since the coming year.

(d) Due to a mistake it was copied and it will not be occurred in future.

(e) That defect accurate and submit herewith. The cost mentioned as Rs. 7,031,982 is the value which capitalized expenditure incurred to develop and conducting a building in the premise of NARA for the National Institute of Fisheries and Nautical Engineering since the year 2000. This value has estimated to be finished within 10 years. Actions will be taken to write off this asset from the Fixed Assets Register through Journal Entry in future.

2.2.4 Indefinite Account

Instructions have been given to rectify this. Actions will be taken to rectify Indefinite Account in future.

2.2.5 No evidences for the audit

The relevant institutions were informed to confirm these balances and the actions will be taken to rectify these balances in future.

2.3 Receivable and Payable Accounts

(a) Actions will be taken to cut these balances in future as per the decision taken in the Board of Governors on 06.10.2016 and the decision taken in the Audit and Management Committee Meeting held on 28.04.2017

(b) Actions will be taken in future to write off the student hostel fees of Rs. 798,671/= which should be charged to the period of 2003 – 2006 as mentioned in the Audit Inquiry. Similarly, relevant actions have already been taken to charge Rs. 2,861,183/= which should be paid to 2009 – 2015.

(c) The balance of the Employee Provident Fund which is to be paid has already been rectified.

(d) Actions are being implemented to charge the loan balances.

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

(a) (i) Financial Regulations 570 and 571 (3)

Actions will be taken to rectify in future.

(ii) Financial Regulations 394

Actions will be taken to add the cheques to the income which are not submitted to pay.

(iii) Financial Regulations 835

Actions will be taken to pay as such.

(b) Even though the Institution maintained a Fixed Assets Register it was not according to the Treasury circulars. Accordingly, Fixed Assets Register had been prepared at present.

(c) Registers have been prepared separately for the computer accessories and software.

3. Financial Review

3.1 Financial Results

The adjustments had not been carried out for the fixed assets depreciations and the gratuity allocations as the accounts had been prepared only for a period of six months. Therefore the deficiencies were in less amounts. Since it was not easy to do the allocations of provisions of previous year, for this period mentioned, I accept carrying out a performance evaluation is not an easy task.

4. Operational Review

4.1 Performance

(i),(ii), (iii) Under the Skills Sector Development Programme participate the staff, participate in foreign training programmes and the courses activities have been carried out.

(a)

(i) The number of students target for the year 2015 is 2,725 and the diploma courses, certificate courses and mobile training courses should be included for it.

(ii) Further the recruited number is mentioned as 536 and only the diploma and certificate courses have been included in that. Similarly 1209 students should only be included to the mobile training programmes and the total number should accurate as 1,745 and its percentage should accurate as 64%.

(iii) Out of 35 courses 13 are mobile training programmes. Even though these programmes were designed in the year 2015 based on the requests of Fisheries associations and non-government institutions, it was not able to conduct those since no requests were arisen. Similarly, due to dearth of students for some courses, it was unable to conduct the same.

(iv) Courses in all the centers could not be commenced at once since the same instructors / College lecturers are being engaged in the teaching activities as there is no adequate instructors / College lecturers for teaching. But in future after recruiting the adequate instructors it is expected to commence all the courses in all centers in a same time.

(b) Degree courses

The general procedure for calling applications for degree courses is newspaper advertisements. Therefore, this too published in the Sinhala and English newspapers and the University website as well. Approximately 250 applications were received and 150 students were faced to the interview. Out of them only 87 students have been enrolled for the courses. Therefore the target number of students, could not be able to recruit.

(c) Courses accreditation

(i) Even though the said situation has been existed due to inadequate facilities the expected targets will be achieved after recruiting the staff in future.

(ii) Since it is inconvenience to facilitate the required infrastructure / equipment and instructors for the courses commenced firstly at a center in NVQ level, only the NVQ level 2 and 3 courses have been awarded for those centers. Actions will be taken to accurate the relevant deficiencies and commence NVQ level 4, 5 level courses in future.

(d) Publicity expenses for recruiting the students for the courses

No expenses had been carried out for television programmes for the vocational training courses in any occasion but only a less amount had been carried out for the newspaper advertisements from this amount.

4.2 Management Activities

(i) Agreed with the inquiry. For this the then Governing Authority and the officer relevant to the said subject should responsible and the registration for it has been carried out since the year 2016.

Even though the leasing deeds had been prepared for two hostels to the year 2015, it was reported to me that one of the leasing deed had not been registered. But I registered the two leasing deeds for those two hostels in year 2016.

(ii) The property and the students of the NIFNE occupied in the hostel in Mattakkuliya had been removed and the key of the building was handed over to the owner of the building and subsequently the owner had complained on the damages of this leased property to the Authority. Accordingly, the then contract based engineer in the institution had prepared an

estimate of Rs. 162,250/= and in addition to that a repairing estimate of Rs. 74,3000 had prepared by a draughtsman. Thereafter the then Governing Authority had neglected to take actions in this regard and I made a request from the Department of Assessment to grant the balanced amount and to take the judicial actions. But no answer has been received so far. The necessary actions are being in process in this regard.

4.3 Idle and unutilized assets

(a) Even though a less student intake in the year 2015, at present a progress indicates in courses and students intake.

(b) Even though the conducting of courses in low level at present that situation has reduced.

(c) Actions are being carried out to write off the relevant vehicles under the supervision of the Department of Motor Traffic and the actions are being taken at present to remove three vehicles. Additionally the approval has been received to remove the following vehicles.

01. 29 -5408 - Isusu Journey bus

02. 17 – 3404 - Mitshubishi Galant Motor car

03. 126 – 6027 – Bajaj motor cycle

4.4 Lands / property not vested in formal methods

(a) The Institute of Fisheries Training was under the Ministry of Fisheries and Aquatic Resources and later had converted into the National Institute of Fisheries and Nautical Engineering from the Parliament Act No 38 of 1999. All the property was under the Ministry of Fisheries. Therefore no transfer of all assets had been occurred in the name of National Institute of Fisheries and Nautical Engineering.

In the year 2010 NIFNE had functioned under the Ministry of Skills Development and Vocational Training. Therefore to transfer all the properties to the Ministry of Skills Development and Vocational Training from the Ministry of Fisheries the present Vice Chancellor of the Ocean University has taken actions to proceed future activities in respect of this with a reference of “Regarding the lands and the buildings utilized by the NIFNE and the Ocean University of Sri Lanka” on 24.11.2016.

(b) These vessels belonged to the Institute of Fisheries Training before established the National Institute of Fisheries and Nautical Engineering. Actions had been taken to transfer them to the Ocean University of Sri Lanka which purviews under the Ministry of Skills Development and Vocational Training.

4.5 Staff examination

(a) The Secretary of the Ministry had informed from the letter dated 24.08.2014 to not to do any recruitment until the effectiveness of the Act of Sri Lanka Ocean University. As the case may be, the Governing Authority had taken actions to do the recruitments on contract basis to conduct the activities of the institution continuously.

(b) It was compulsory to obtain the ISO 9001 / 2008 standard certificates to the institution to award the CDC certificates which granted for the trade ships, to the students who followed courses in Vocational and Higher education divisions in this Institutions. In view of this, it was compulsory to recruit a first class naval officer in the naval sector. Therefore the then Governing Authority had taken actions to recruit a captain based on work assigning in per to the oral recommendations of the Department of Trade and Naval Affairs.

(c) The then Governing Authority had taken actions to engage these officers under contract and temporary basis to conduct the activities of the institution in this interim period of 20th December 2014 to 17th June 2015.

(d) The interview had been conducted by an Interview panel consisted of the Director General and the Deputy Directors in the Ministry of Skills Development and Vocational Training on 09th June 2015. It was revealed from the officers that the details on calling applications, conduct interviews and awarding appointments have not been available with the NIFNE. I emphasize that all the responsibility in respect of these should under the then Director General and the Deputy Director.

(e) The relevant updates have been carried out in per to the approval of the Board of Governors. Actions will be taken in future to act according to paragraph 1.10 of the II Chapter of the Establishment Code.

(f) There was a post to the Assistant Registrar in the approved cadre of the NIFNE and the recruitment have been carried out by an interview conducted on 02.10.2012 in per to a newspaper advertisement published in year 2012 and from the applications received there on.

The role of an interview board is to recruit according to the qualifications and the experience required in the relevant Scheme of Recruitment (SOR) Therefore this selection responsibility is to the Interview Board. The Interview Board is as follows.

01. Prof. Ranjith Senarathna – Chairman (National Institute of Fisheries and Nautical Engineering
02. Prof. Moly De Silva – Head of the Division (Academic) – National Institute of Fisheries and Nautical Engineering
03. Rev. S.N.S Kurukulasooriya - Member of Board of Governors
04. Mr. Sujeewa Samaraweera - Member of Board of Governors – Managing Director (Atles Logistic (Pvt) Ltd
05. Mrs. K.H. Pushpa Jenet – Assistant Secretary – Ministry of Skills Development and Vocational Training

6. Systems and Control

I mention that the actions will be taken to conduct the activities in accurate manner, with referring the attention of the management to the facts pointed out in the Systems and Control of the draft Report.



A.K.D.G. Athukorala

Director (Finance) Acting

Ocean University of Sri Lanka

Ocean University of Sri Lanka (18.06.2015 – 31.12.2015)

Report of the Auditor General on the Financial Statements of the Ocean University of Sri Lanka for the year ended 18th June 2015 to 31st December 2015 in terms of Section 14 (C) of the Finance Act, No. 38 of 1971

2.3 Express ideas on Financial Statements

2.2.1 Sri Lanka Public Accounting Standards

Sri Lanka Public Accounting Standards 07

Since the expenditure incurred for the repairs and maintenance of the vehicles would be an enhancement of the vehicles, the said values have been capitalized. However actions will be taken to rectify this through journal entry.

2.2.2 Accounting Policies

When preparing the accounts of the year 2017 the amortization has been adjusted. Similarly actions will be taken to submit the accumulated deficit in respect of fixed assets which acquired up to now based on the capital receivables of Rs. 655,908,762/= which mentioned in the Audit Report, to the Management Committee Meeting and the issue will be rectified in per to the recommendations.

2.3.3 Accounting Deficiencies

- (b) Actions will be taken to account only under accumulated basis in future.
- (c) Since the absorption activities have not already been finalized the provisions of Employee Provident Funds of the year under review which have remained are to be paid to the aforesaid employees. Actions will be taken to rectify this after finalize the absorption activities.
- (d) Actions will be taken to rectify this.
- (e) Actions will be taken to rectify this.
- (f) Actions will be taken to rectify this.
- (g) Actions will be taken to rectify this.

2.3.4 Indefinite Account

Referring a report to the Audit and Management Committee on the balance of Rs. 85,433/- (debit) of Indefinite Account and actions will be taken to perform according to the relevant recommendations.

2.3 Receivable and Payable Accounts

(a) (b) Even though a formal report prepared according to the recommendations of Audit and Management Committee and the Audit and Management Committee of the Ministry and referred to the Governing Board and the Department of Public Accounts through the Secretary of the Ministry and has been taken actions to obtain approval for writing off the accounts balances in several occasions, the required approval has not been obtained yet. Actions will be taken to write off from the accounts after receiving the required approval.

(c) Actions are being taken to charge the loan amount of 06 officers which could not be recovered during the year.

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

(a) Since the recruitment of permanent staff and the absorption process have already not been completed actions will be taken to recruit a Chancellor and a Dean in future.

(b) Financial Regulations No 394

Actions will be taken to adjust as an income under the approval of the Governing Board after referring to the Audit and Management Committee in compliance to the F.R. 394 and the recommendations of it.

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

(i) The respective buildings have been obtained for rent after obtaining an assessment report of Chief assessor. Actions will be taken to obtain the assessment report if there any change in the assessment value in future.

(ii) Actions will be taken to obtain the approval of the Secretary to the Ministry in paying advances for the rents of the buildings in future.

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

(C) Establishment Code of the Democratic Socialist Republic of Sri Lanka

4.4 and 5.6 section of the chapter VII

(i) Promotions have not been given in year 2015 for the officers and the salary conversions have been carried out with formal supervision in per to the Provisions of the Establishment Code.

(ii) Actions will be taken to re - charge the increments paid for the two officers who had been taken foreign leaves.

6.1section of the Chapter VII

Actions are being taken to recover the overpayments from salaries in calculating overtime and leave day salaries.

(d) This will be rectified after preparing the fixed assets register since the accounts mentioned the revalued values have been amended and submitted and as per the decisions taken in the Audit and Management Committee Meeting.

(e) Actions have been taken to maintain a separate fixed assets register since 2015 in respect of computer accessories and soft wares.

3. Financial Review

4.2 Financial Results

This issue has been occurred due to the adjustment of amortization. Actions will be taken to note accurately in future.

4. Operational Review

4.1 Performance

(a) (i) The progress of students intake for the courses have been reduced due to the delay of recruiting permanent lecturers, as a results of absorption process. Even though the ISO and CDC diploma courses had been conducted in all 8 colleges, subsequently due to Ministry of Naval Affairs informed to hold temporary the ISO standard certificate diploma courses till the approval would be granted the student intake for those courses, had been suspended.

(ii) Since the course conducting is being carried out through the currently existing instructors due to the dearth of instructors, the courses in regional centers have organized accordingly. However, in future it has planned to commence courses in all centers in formal manner and the conducting of courses and examinations at a same time.

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

Even though the ISO certificate has applied for all three Colleges of Mattakkuliya, Thangalla and Jaffna, due to the unavailability of relevant infrastructure facilities in College of Jaffna, it could not be able to obtain the said certificate for it. Mattakkuliya and the Thangalla Colleges have already been received the ISO certificate. Furthermore due to the delays of agreed consultancy services, actions have been taken to cut off 25% from the amount to be paid for them.

4.4 Management Activities

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

(b) Even though the National Institute of Fisheries and Nautical Engineering was under the Ministry of Fisheries before converted into Sri Lanka Ocean University, in the year 2010 it came purview under the Ministry of Youth Affairs and Skills Development. Therefore, the assets transfer is being carried out through the Secretaries of the Ministries.

4.5 Identified deficiencies

This occurred due to the confirmation of Audit to pay the Employee Provident Fund and the Employee Trust Fund based on gross salary. However, currently this is calculating accurately based on only the consolidated salary and the relevant allowances.

4.6 Idle and unutilized assets

(d) 03 vehicles belongs to Technical College Baticaloa has already been removed. Actions are being taken to remove the remaining 05 vehicles belong to the Institution.

(e) Since carrying out the repairing activities of the Kaytesmaru ship in dockyard which belongs to the Training center in Negombo has not been effective, the engine of the said ship had handed over to the Navy and the actions have been taken to exchange the useful equipment instead of the value of that.

(c) Since the relevant courses are already being commenced and conducted the relevant equipment are also being utilized.

4.7 Staff Administration

(c) This situation had been arisen due to no solution for the issue occurred from the proposal of Department of Management to pay the salaries based on two salary steps as UEX and DMS 30 to the Degree courses and the Vocational Training courses considering as separate Divisions.

(d) The employees have been recruited to conduct formal daily services requirements in the institution on contract and temporary basis subject to the approval of the Governing Board and the actions will be taken to obtain the approval of the Department of Management Services in future.

4.8 Action Plan

Even though the Ocean University of Sri Lanka effects from the 18.06.2015 the Treasury provisions were received based on the Action Plan pertained to the year. Therefore an Action Plan has not been prepared again.

5. Accountability and good governance

5.1 Submission of financial statements

Actions have been taken to hand over the accounts statement relevant to the period of 01.01.2015 to 31.12.2015 up to date. Since the instructions have been given to submit two accounts units first prepared the accounts for the period of 01.01.2015 to 17.06.2015 and since the shortages have been occurred in the subsequent accounts submitted for the period of 18.06.2015 to 31.12.2015, the accounts statement for the said period and also the final accounts report for the year 2016 have been resubmitted on 25.01.2018.

6. Systems and Control

- (a) Actions will be taken to keep the accounts according to the Accounting Systems and Chapters and to submit the financial statements.
- (b) The relevant actions will be taken to identify and undertake the assets under the Institution and provide the relevant actions to utilize the unutilized resources.
- (c) The relevant divisions were informed to purchase and rent out the goods and services in per to the Procurement Guideline and the Financial Regulation.
- (d) After completion of the absorption process of the staff, this issue will be solved.



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