

1.1 Opinion

The audit of the financial statements of the University College of Anuradhapura for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of changes in equity and cash flow statement for the year then ended, 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 provisions of the National Audit Act No. 19 of 2018, Section 47(2) of the University of Vocational Technology Act, No.31 of 2008 and Section 17 (2) of the University College of the Vocational Technology Ordinance No 01 of 2014 published in the Extra Ordinary Gazette No.1882/51 dated 03 October 2014. In accordance with Article 154 (6) of the Constitution, my comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, the financial statements give a true and fair view of the financial position of the University College of Anuradhapura as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the University College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the University College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University College's financial reporting process.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the University College is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Board.

1.4 Scope of Audit (Auditor's Responsibilities for the Audit of the Financial Statements)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University College's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the University College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the University College, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the University College has complied with applicable written law, or other general or special directions issued by the governing body of the Institute
- Whether the University College has performed according to its powers, functions and duties; and
- Whether the resources of the University College had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 Internal Control over the preparation of financial statements

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Issues with regard to maintenance of key accounting records such as General Ledger, Journal and Journal vouchers, payment vouchers etc. may include under this heading.

1.6. Non-compliance with Laws, Rules, and Regulations

	Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Management	Recommendation
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(a)	Declaration of Assets and Liabilities (Amendment) Act No. 74 of 1988	Officers who are required to submit the declaration of assets and liabilities should submit their declarations of assets and liabilities as at 31 March of each year to the institution before June 30, but those statements have not been submitted by the relevant officials.	Relevant officers have already been informed to submit the declaration of assets and liabilities for the year 2020	According to the Declaration of Assets and Liabilities (Amendment) Act No. 74 of 1988, the declarations of assets and liabilities should be obtained on the due date.

- (b) Paragraph 10.3 of Chapter II of Part 1 of the Establishments Code of the Democratic Socialist Republic of Sri Lanka
- Two officers recruited in the years 2018 and 2019 had not submitted their medical reports even by 20 February 2020 and the Head of the Department had not taken action not to pay the salaries of those officers until the medical report was received.
- The two officers have been issued reminders to provide medical reports immediately.
- Heads of Departments should ensure that steps are taken in conformity with the Establishments Code.
- (c) Guideline 8.9.1 of the Government Procurement Guides
- The letter of acceptance should have been sent to the supplier immediately upon the acceptance of the bid of the bidder, whereas the letter of acceptance had been sent by the procurement entity to the security service about two and a half months after the decision of the procurement committee
- Twenty one students of the College had been suspended in June 2019 for committing a number of anti-disciplinary actions. As the assistance of the security personnel present at the time was required to conduct these investigations, the previous security service was extended for another period of 03 months. As a result, the new supplier's letter of acceptance was delayed.
- Heads of Departments should ensure the Procurement Guidelines are abided by.
- (d) Circulars
- i. Public Administration Circular No. 30/2016 dated 29 December 2016
- Although the fuel consumption of government vehicles should be checked once a year, the fuel consumption of 02 vehicles of the College had not been tested since 2015.
- Fuel consumption tests are expected to be done within the next month.
- Heads of Departments should ensure that measures are taken in conformity with the circulars.

ii. Public Administration Circular No. 2009/09 dated 16 April 2019	Attendance and departure at the workplace of the government corporations and statutory boards should be substantiated by way of signing an attendance register for internal administration, in addition to recording attendance in a fingerprint scanner, but the attendance register had not been signed by the academic staff.	It is expected to act in accordance with Circular 2009/9 in the future.	Heads of Departments should ensure that measures are taken in conformity with the circulars.
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2. Financial Review

2.1 Financial Results

The operations of the College for the year under review had resulted in a deficit of Rs.202,347 as compared with the corresponding deficit of Rs.3,705,727 for the preceding year, thus observing an improvement of the financial result by Rs.3,503,380. This improvement was mainly due to decrease in the expenditure by Rs.5,329,222 although income had decreased by Rs. 1,825,842 during the year under review as compared with the preceding year.

2.2 Trend Analysis of major Income and Expenditure items

The expenditure on the staff of the College had increased by 20 per cent during the year under review than that of the previous year.

2.3 Ratio Analysis

The current ratio in the preceding year was 0.39 :1 and it had gone up to 0.74 :1 in the year under review. The quick ratio too had increased from 0.234 :1 to .0.467 :1

3 Operating Review

3.1 Operating Inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) It was observed that the student enrolment for 06 courses of the institute had dropped as compared to the preceding year and it was in the range of 03 per cent to 42 per cent.	The lack of space in the College and the inadequacy of the provisions had given rise to above situation.	Action should be taken to increase enrolment.
(b) Even though the qualifications for enrolment to the National Vocational Qualification Level 5 and 6 courses had been classified under 60 per cent of the candidates who have passed the National Vocational Qualification Level 4 and the remaining 40 per cent of the candidates who have passed the GCE (A/L) examination as required by the University College of Vocational Technology Ordinance No 01 of 2014, out of the 246 students registered for the year under review, two candidates who passed the National Vocational Qualification Level 4, had been selected representing only a small percentage of 0.8 per cent.	Although candidates with National Vocational Qualification Level 4 should be given priority in making enrolments for the courses, only two candidates with those qualifications had applied and therefore, recruitments have been made on the basis of Advanced Level Qualifications.	Enrolments should be made in accordance with the Vocational Technical University Academic Ordinance No. 1 of 2014.
(c) Even though the University College was established with the primary objective of providing National Vocational Qualifications NVQ Levels 5 and 6, the number of students who have completed the required courses and completed the required qualifications annually from the beginning of the College in 2015 has dropped from 35 per cent to 30 per cent .	Students who fail the semester examinations will be able to obtain the relevant vocational qualifications after passing the subsequent examinations and completing the relevant competency.	Heads of Institutions should take steps to increase the number of students who leave the institute with professional qualifications.
(d) It was not observed that the Head of the relevant Department or the Head of the Academic Division had	The evaluation of the lecture performance of the lecturers will be examined	An observation methodology should be developed

examined a detailed note regarding the work performed by a lecturer in his lectures to be used as criteria of the academic performance of the lecturers of the University College. by the relevant Head of Department and Head of Division hereafter

- (e) Although the University College had decided to teach approximately 540 lectures per semester in lectures and practical studies without changing the normal hours to be covered per semester in curriculum by citing reasons as shortage of lecturers and time constraints, approval of the Academic Board and the Ministry had not been obtained for that purpose. Likely, the compulsory teaching time for the 55 modules in the 06 courses had not been covered and the uncovered time ranged from 12 hours to 45 hours. Accordingly, it could not be satisfied with the quality of the courses. Not replied In amending the number of hours to be covered per semester, the approval of the Academic Board and the Ministry should be obtained therefor. Teaching hours of the courses should be covered in a manner that maintains the quality of the course.
- (f) There was an inordinate delay in the release of results in each of the modules of the examinations conducted in the second semester of 2018 and first semesters of 2019 and it was observed that the above delay was mainly due to the delay in the evaluation and submission of answer sheets. The College had not developed a formal control system to minimize those delays. It is expected to look into this matter in the future. A formal control system should be adopted to minimize delay in issuing results.

4 Accountability and Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Management	Recommendation
Although an Internal Audit Unit should be established in accordance with paragraph 03 of the Guidelines No. 2009(1) of the Department of Audit and Management dated 09 June 2009, action had not been taken to establish an Audit Unit even though it had been more than 04 years since the establishment of the University College.	All university colleges are governed by the University of Vocational Technology and auditing thereof are carried out by its internal auditors and an audit advisor appointed to the university colleges.	An internal audit unit should be established in accordance with the circulars and those reports should be submitted to the Auditor General.

4.2 Audit Committee

Audit Observation	Comments of the Management	Recommendation
The College had not established Audit and Management Committees as per Public Enterprises Circular No. PED 55 dated 14 December 2010.	A request has been made to the University of Vocational Technology to establish an Audit and Management Committee.	Audit and Management Committees should be established in accordance with the circulars.

4.3 Sustainable Development Goals

Audit Observation	Comments of the Management	Recommendation
Every government institution should act in accordance with the United Nations 2030 Agenda for Sustainable Development and the College had not paid sufficient attention on the work coming under its cope for the year under review. Accordingly, it could not be identified that the relevant activities had been included in its action plan for the year under review and adequate provisions had been made by the annual budgets.	In considering objectives, this College does not directly contribute to achieve the sustainable development goals and targets. However, it was noted to take action in accordance with the Circular issued by the Secretary to the Ministry of National Policies and Economic Affairs, No. N.P/S.C.P 17 dated 14.08.2014, in future.	Government institutions should act in accordance with the United Nations 2030 Agenda on Sustainable Development.

