

South Eastern University of Sri Lanka Development Project (SEUDP) - Phase 1B - 2012

1. Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that,

- (a) the Project had maintained proper accounting records for the first accounting period ended 31 December 2012 and the financial statements give a true and fair view of the state of affairs of the Project as at 31 December 2012 in accordance with Generally Accepted Accounting Principles,
- (b) the funds provided had been utilized for the purposes for which they were provided,
- (c) the statements of expenditure (SOEs) submitted could be fairly relied upon to support the applications for reimbursement in accordance with the requirements specified in the Loan Agreement, and;
- (d) the financial covenants laid down in the Loan Agreement had been complied with.

2. Financial Statements

2.1 Financial Performance

According to the financial statements and information made available, the expenditure of the Project for the first accounting period amounted to Rs.9,779,360 relating to consultancy fee (local) for the period under review.

3. Audit Observations

Project period

According to the Loan agreement the Project was expected to be commenced in 19 March 2012 and was expected to be completed by 2014. However, Project activities had been commenced from 01 September 2012 only.

4. Utilization of funds

According to the Annual Estimate for the year 2012, a provision of Rs.275,400,000 had been made available for this Project under Expenditure Head 171 Ministry of Higher Education. The details of provision and the actual expenditure incurred thereon and the under utilization of funds are given below.

<u>Details of Expenditure Head</u>	<u>Provision for the year 2012</u>	<u>Actual Expenditure for the year 2012</u>	<u>Under utilization</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Amount</u>	<u>As a percentage of Provision</u>
			<u>Rs.</u>	<u>%</u>
Foreign Aid - Loan	13,500,000	Nil	13,500,000	100
Reimbursable Foreign Aid - Loan	224,000,000	9,779,360	214,220,640	96
Foreign Aid related Domestic Funds	37,900,000	Nil	37,900,000	100
	<u>275,400,000</u>	<u>9,779,360</u>	<u>265,620,640</u>	<u>96</u>