

Port Access Elevated Highway Project for the first accounting year - 2016

The audit of financial statements of the Port Access Elevated Highway Project for the first accounting year ended 31 December 2016 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.

1.2 Implementation, Objectives, Funding and Duration of the Project

The Ministry of Higher Education and Highways is the Executing Agency and Road Development Authority is the Implementing Agency of the Project. The objective of the Project is to have a positive impact on economic activities and regional integration through the ease of traffic congestion in the city of Colombo, reduction of travel time from Colombo to the International Airport and ease of traffic congestion of logistic transport from the harbour to other regions of Colombo. As per the Cabinet Memorandum presented by the Line Ministry on 16 February 2016, the estimated total cost of the Project amounted to Rs.36.50 billion. The Project commenced its activities in January 2016 and the approval of the Cabinet of Ministers for the implementation of the Project was received in March 2016. The Project is scheduled to be completed by March 2020.

1.3 Responsibility of the Management 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.

1.4 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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 Project'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 Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. The examination also included such tests as deemed necessary to assess the following.

- (a) Whether the systems and controls were adequate from the point of view of internal control so as to ensure a satisfactory control over Project management and the reliability of books, records, etc. relating to the operations of the Project.

- (b) Whether the expenditure shown in the financial statements of the Project had been satisfactorily reconciled with the enhanced financial reports and progress reports maintained by the Project.
- (c) Whether adequate accounting records were maintained on a continuing basis to show the expenditure of the Project from the funds of the Government of Sri Lanka, the progress of the Project in financial and physical terms and the assets and liabilities arising from the operations of the Project.
- (d) Whether the expenditure had been correctly identified according to the classification adopted for the implementation of the Project, and
- (e) Whether the financial statements had been prepared on the basis of Sri Lanka Public Sector Accounting Standards, and

2. Financial Statements

2.1 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 year ended 31 December 2016 and the financial statements give a true and fair view of the state of affairs of the Project as at 31 December 2016 in accordance with Sri Lanka Public Sector Accounting Standards, and
- (b) the funds provided had been utilized for the purposes for which they were provided.

3. Financial and Physical Performance

3.1 Utilization of Fund

According to the information received, an allocation of Rs. 10 million had been made in the Budget Estimate for 2016 under the Ministry of Higher Education and Highways and out of that only Rs.3.31 million had been utilized to meet the expenses of Project Monitoring Unit.

3.2 Physical Progress

The feasibility studies and the preliminary designs for the activities scheduled to be implemented by the Project had been carried out by the Transport Project Preparatory Facility Project, financed by the Asian Development Bank. A contract on Topographic Surveying along the identified route for the Port Assess Elevated Highway had been awarded to a Licensed Surveyor on 07 March 2016 at an agreed cost of Rs.2.19 million and other than that no any activity had been implemented by the Project during the year under review.

3.3 Human Resource Management

The cadre of the Project consisted with 21 positions and out of that, 12 cadre positions had been filled during the year under review.