

New Bridge Construction Project over the Kelani River - 2021

The audit of financial statements of the New Bridge Construction Project over the Kelani River for the year ended 31 December 2021 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. My comments and observations which I consider should be reported to the Parliament appear in this report.

1.2 Implementation, Objectives, Funding and Duration of the Project

According to the Loan Agreement of the Project, then Ministry of Ports and Highway, presently the Ministry of Highways is the Executing Agency and Road Development Authority is the Implementing Agency of the Project. The objectives of the Project are to mitigate and disperse traffic congestion by constructing a new bridge across the Kelani River as a high mobility link, there by contributing to the improvement of transportation network in Colombo City and promoting economic development. The project has been divided into two contract packages namely steel Bridge Section and Extra dosed section and as per the Loan Agreement, the estimated total cost of the Project was Japan Yen 41,429 million equivalents to Rs.55, 313 million and out of that Japan Yen 35,020 million equivalents to Rs.46,755 million was agreed to be financed by Japan International Cooperation Agency. The balance amount of Rs.8,558 million expected to be financed by the Government of Sri Lanka. Both packages of the Project has commenced its activities on 01 July 2014 and scheduled to complete by 25 November 2021 and 25 October 2021 respectively.

1.3 Opinion

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Project as at 31 December 2021, and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.4 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 appeared in my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.5 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.

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

1.6 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 skepticism 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 internal control of the Project.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Physical Performance

2.1 Progress of the activities of the Project

The Project had commenced the civil works of contract packages I and II of the Project on 19 December 2017 and 18 October 2017 respectively for 36 month contract period and scheduled to be completed in 2020. However, time extension had been granted by the Japanese International Cooperation Agency for the Project up to 25 November 2021. Whereas, the Project had completed and opened for the general public on 25 November 2021 which is in the stipulated time period granted.

2.2 Underutilized Resources

Audit Issue	Response of the Management	Auditor's Recommendation
The total net provision of Rs. 15,460 million as the foreign loan and the contribution of the Government had been allocated for the project in the year under review. However, only Rs. 5,265 million or 34 per cent from the above provision had been utilized by the Project	The allocation had not been used, due to various reasons.	Action should to be taken to utilized the allocation in a timely manner.