

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the University of Vavuniya (“University”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion the accompanying Financial statements give a true and fair view of the financial position of the University as at 31 December 2022, and of its financial performance and its 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’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 or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the University 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 University.

1.4 Audit Scope

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 the University'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'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 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, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the University has complied with applicable written law, or other general or special directions issued by the governing body of the University;
- Whether the University has performed according to its powers, functions and duties; and
- Whether the resources of the University had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Accounts Receivable and Payable

1.5.1 Receivables

Audit Issue -----	Management Comment -----	Recommendation -----
Two officers of the academic and non-academic staff of the university who had gone overseas on postgraduate studies had not reported back for duty after completion of the programmes. However, the university had not taken proper actions to recover the bonds aggregating amounting to Rs.22,679,125 up to 31 December 2022.	Action taken to recover these outstanding from these employee's gratuity payment as soon as possible.	Action should be taken to collect the relevant amount as per the bond agreement.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

The following observations are made.

Reference to Laws, Rules Regulations etc. -----	Non-compliance -----	Management Comment -----	Recommendation -----
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Refundable laboratory deposits, staff security deposit, and canteen tender	action will be taken to settle the refundable deposits	Action should be taken in terms of Financial Regulations.
Financial Regulation 571			

amounting to Rs.1,254,831 were remained unsettled for a period ranging from 02 to 07 years.

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| <p>(b) Section 03 of chapter XX of Establishment code of the University Grants and Higher Educational Institutions.</p> | <p>A sum of Rs.289,076,447 had been paid as salaries and allowances for the academic staff during the year under review without confirming the arrival and departure.</p> | <p>It is the general practice in the state university system that academic staffs are not signing the attendance register.</p> | <p>Action should be taken to comply with the establishment code.</p> |
| <p>(c) Circular of the National Budget No. 03/2022 dated 26 April 2022</p> | <p>Although granting loan facilities to staff grade officers should be suspended until 31 December 2022, a sum of Rs.1,000,000 had been granted to staff grade officers as distress loan in 04 instances.</p> | <p>All the distress loans were paid from the recovery of the loan considering distress loan fund is a revolving fund.</p> | <p>Action should be taken to comply with the circular.</p> |
| <p>(d) Circular No. 636 dated 14 July 1995 of the University Grants Commission</p> | <p>Issuing of results relating to 27 examinations conducted in the years 2021 and 2022 by the University had delayed for a period of 01 month to 08 months while the results relating to 15 examinations had not been issued up to 29 March 2023.</p> | <p>Action has been taken to release the examination results within stipulated time frame by monitoring the monthly progress of releasing results by the Senate and the Council.</p> | <p>Action should be taken comply with the circular.</p> |

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs.27,112,151.

3. Operational Review

3.1 Management Inefficiencies

	Audit Issue -----	Management Comment -----	Recommendation -----
(i)	Two Automated Teller Machines of two state banks had been installed in the University premises in the years 2018 and 2019 without entering into any lease agreement or charging any fees.	Banks requested to waive off the rent at initial stage. Therefore, the rent has not been charged. However, action has been initiated to charge rent for the land from bank based on the land valuation reports.	Action should be taken to generate revenue to the University.
(ii)	The Management had failed to claim legal ownership of the land in extent of 65 Acres on which the University is located.	University of Vavuniya has taken series of actions to get the legal ownership of the land. This process is monitored by the council and having periodical meeting with Government Agent, Divisional Secretary and relevant authorities	Action should be taken to get transferred the ownership of the land to the University.