

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the of Post Graduate Institute of Pali and Buddhist Studies affiliated to the University of Kelaniya for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 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 Section 23 of the Postgraduate Institute of Pali and Buddhist Studies Ordinance No. 8 of 1979, enacted under Section 18 of the Universities Act No. 16 of 1978 and Subsection 107(5) of the Universities Act and the provisions of the National Audit Act No. 19 of 2018. My comments and observations which I consider should be tabled in Parliament appear in this report.

In my opinion, the financial statements give a true and fair view of the financial position of the Institute as at 31 December 2023, 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 institute 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 intends to liquidate the institute or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the institute 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 institute.

1.4 Auditor's Responsibilities on 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 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 Institute'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 Institute 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 institute, and whether such systems, procedures, books, records and other documents are in effective operation;

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

1.5 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following observations are made.

| | Reference to Laws, Rules, and Regulations | Non compliance | Comment of the Management | Recommendation |
|-----|--|---|---|---|
| (a) | Financial Regulation 371(2)(b) as amended by paragraph 09 of Public Finance Circular No. 01/2020 dated 28 August 2020 | Advances total amounting to Rs.1,010,400 were given to non-staff officers in 07 occasions beyond the maximum limit of Rs.100,000/- which can be given as adhoc imprest. | That the cash advances exceeding Rs.100,000 given to the officers of the Management Assistant position of the institute, incurring expenses and settlement of advances are done under the full approval and supervision of the head of the relevant department. | Circulars and Financial Regulations should be followed. |
| (b) | Section 3.1 of Chapter XXVi of the Establishment Code for University Grants Commission and Higher Education Institutions | The board of survey reports for the year 2023 had not been submitted to the Auditor General. | The survey activities have been completed now. Prompt action will be taken to submit to the Auditor General. | Circulars provisions should be followed. |
| (c) | Section 04 (i) of the University Grants | If the collection of library books is less than 100,000, the verification of library | The comments mentioned are correct. That the verification | Circulars provisions should be followed. |

Commission Circular No. 01/2022 dated 03 January 2022 books should be conducted annually. But board of surveys were not completed now. conducted after the year 2020 regarding the 25,709 books in the library of the institute.

- (d) University Grants Commission Circular No. 15/2015 dated 17 November 2015 The examination results of 14 courses conducted in December 2023 had not been released until 01 April 2024 and from 05 months to 12 months and 02 days had been taken to release the results of the examinations conducted in the academic year 2022. Due to shortage of staff in the institution, only two Management Assistants are available to handle from student registration to release of results. Arrangements should be made for the release of examination results without delay.

2. Financial Review

2.1 Financial Result

The operating result of the year under review had been a surplus of Rs. 143,243,767 as compared with the corresponding surplus of Rs 221,756,371 for the preceding year, thus observing a deterioration of Rs. 78,512,604 in the financial result. Decrease in receipt of prizes and grants (finance), decrease in revenue from self-financing program and increase in depreciation were mainly attributed to this deterioration.

3. Operational Review

3.1 Operational Inefficiencies

| Audit Observation | Comments of the Management | Recommendation |
|--|--|---|
| In 22 occasions, the institute had taken between 37 days to 198 days to send the research theses to the first and second examiners after the research theses were prepared by the undergraduate students and in 40 occasions, the first and second examiners had taken more than 90 days to evaluate the theses. Out of that, more than 180 days had taken in 21 occasions and more than 360 days had taken in 6 occasions. These 35 students who submitted research | After the oral tests are conducted, a few months are given to prepare and submit the theses again according to the recommendations given therein. The graduation ceremony of the institute will be held only once a year. Due to the Covid 19 epidemic situation, the awards of degree have been delayed as the graduation ceremonies in the years 2020 and 2021 were not conducted. | Actions should be taken to minimize delays in awarding degrees to undergraduates. |

theses had participated in graduation ceremonies from 59 days to 570 days after the date of oral test. Accordingly, a period of 275 days to 2037 days had elapsed from the date of the submission of the 35 research theses to the date of the graduation ceremony which had been approved by the Senate from April 2023 and February 2024.

3.2 Procurement Management

| Audit Observation | Comments of the Management | Recommendation |
|---|--|--|
| A sum of Rs.7,242,940 had been spent in the year under review for procurements which had not included in the procurement plan of the year 2023. | A sum of Rs.7,242,940 had been spent from the corporate fund for essential procurement activities in the year 2023. The procurement plan for the year 2023 was prepared based on the provisions given by the government for the procurement activities of the institute. | Future procurement requirements should be identified in advance and necessary actions should be taken. |