

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Bhikku University of Sri Lanka 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 equity 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 46 of the Buddhashravaka Bhikku University Act No. 26 of 1996, Finance Act No 38 of 1971 and National Audit Act. No. 19 of 2018. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, the financial statements give a true and fair view of the financial position of the Bhikku University of Sri Lanka as at 31 December 2023, and of its financial performance and 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 determines 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 matters related to going concern and using the going concern basis of accounting unless management either intends 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 Sub-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 Auditor's Responsibility 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 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 or the override of internal control.
- Obtain an understanding of internal control 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 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 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 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 etc.

	Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a)	38(1)(c) and 38(2) of the National Audit Act No. 19 of 2018	It should be ensured that an effective internal control system for the financial control of each entity is prepared and maintained and written periodic reviews should be carried out on effectiveness of such systems and copy of the same should be submitted to the Auditor-General, but it had not been done.	That internal control systems related to financial control are being established and implemented.	An effective internal control system should be developed and maintained for financial control.
(b)	Section 5.8 of Chapter XIX of the Establishment Code of the Democratic Socialist Republic of Sri Lanka and Paragraph 3(ii) of the University Grants Commission Establishment Circular No. 09/2019 dated 25 November 2019	Although the cost of water and electricity should be borne by the residents of the official quarters, a total expense of Rs.13,762,115 was spent from the university fund for water and electricity of the official quarters in the year 2023.	Out of the three officers, charges have been collected from two and no arrears to be recovered from them.	Arrangements should be made to recover the rent of quarters as per the provisions of the Establishment C0ode.

2. Financial Review

2.1 Financial Results

The operating result of the year under review had been a deficit of Rs. 92,979,934 as compared with the corresponding deficit of Rs. 97,593,959 in the preceding year, thus observing an improvement of Rs. 4,614,025 in the financial result. Increase in recurrent grants had mainly attributed to this improvement.

2.2 Ratio Analysis

The current assets ratio of the previous year was 1:1.37 and it had improved to 1:3.7 in the year under review and the quick ratio had increased from 1:1.29 to 1:3.59.

3. Operational Review
3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
<p>Although the construction works of the hostel building for 25 foreign religious students was completed on 14 January 2020 without conducting a proper feasibility study, the management was unable to prepare and implement a proper program to enroll foreign religious students for degree courses. As such, the constructed hostel building worth of Rs.80,843,406 and the electricity and fixtures worth of Rs.3,411,000 in that building remained idle for more than 04 years.</p>	<p>Under the Foreign Student Enrollment Program for the 2021/2022 academic year, the Embassy was notified by email. Accordingly, 03 foreign religious students had submitted applications and 02 qualified religious students had been registered in this academic year and one foreign religious student is currently engaged in studies.</p>	<p>Necessary actions should be taken to utilize the constructed buildings to fulfill the intended purposes.</p>

3.2 Deficiencies in Contract Administration

Audit Observation	Comments of the Management	Recommendation
<p>According to the agreement, the contract for the installation of the information technology system for resource management (Enterprise Resource Planning) worth of Rs. 8 million had to be completed by 31 May 2018. Although Rs. 4 million has been spent by the date of audit of 01 April 2024, it had been unable to install the system in operational level properly. According to the bid documents, although the selected bidder should have had an annual turnover of more than Rs.50 million in the last three years in the relevant field, a bidder who did not meet that requirement had been selected. Accordingly, the amount of Rs. 4 million that had been spent to install the software system had become an idle expenditure.</p>	<p>That the issues arising during the operation of the system are being rectified by the concerned institute and are being implemented for a period of 06 months. But even now the system has not been handed over to the university.</p>	<p>The bidder should be selected as per the bid conditions and should be made arrangements to complete the contract as per the agreement and utilize the assets effectively and efficiently.</p>