

1. Financial statements

1.1 Opinion

The audit of the financial statements of the Postgraduate Institute of English for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 Section 18 of the English Postgraduate Institutions Ordinance No. 04 of 2005 enacted under section 18 of the Universities Act No. 16 of 1978 and sub-section 107(5) of the Universities Act read in conjunction with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka and the provisions of the 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 Postgraduate Institute of English as at 31 December 2024, 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 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'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's 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 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 audit 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 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 Institute'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 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 audit 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 audit 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 of the Institute;
- Whether the Institute has performed according to its powers, functions and duties; and
- Whether the resources of the Institute 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 Observation	Comments of the Management	Recommendation
A proper system had not been implemented to recover the course fees of Rs.1,004,470 which were due from students for more than 02 years.	Dues will be recovered in the re-registration of students and reminders will be done frequently.	Action should be taken to collect the arrears of revenue promptly.

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

	Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a)	Postgraduate English Institution Ordinance No. 4 of 2005 published in the Extraordinary Gazette No. 1436/6 dated 13 December 2005	The amount of Rs.650,000 received from donors in 2021 to establish the Doric de Zoysa Gold Medal Fund and the Research Awards Fund had not been used to provide scholarships by consulting the university in accordance with the ordinance of the institution.	Actions will be taken to obtain the consent of the university.	Scholarships should be awarded in accordance with the relevant regulations.
(b)	Treasury Circular No. 842 dated 19 December 1978	The fixed assets register had not been maintained in parallel with the reference register maintained at the Open University of Sri Lanka Library for library books and periodicals costed for Rs.2,596,491. Further, a board of survey on library books and periodicals had not been conducted after the year 2008.	A copy of the fixed asset register relating to library books had been provided to the audit.	An annual survey of library books should be conducted in accordance with circular instructions.

- (c) University Grants Commission Circular No. 636 dated 14 July 1995 Although the results of an examination should be released within 03 months from the date it was held, there was a delay of 13 to 113 days in releasing the results of 10 examinations held under 2 courses in the year 2024. There are only two academic staff members and constantly trying to release exam results quickly. The results should be released in accordance with the circular provisions.

2. Financial Review

2.1 Financial Result

The operating result for the year under review had been a deficit of Rs.17,165,386 as compared with the corresponding deficit of Rs.15,412,308 for the preceding year, thus observing a deterioration of Rs.1,753,078 in the financial result. The decrease in interest income had mainly attributed to this deterioration.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
The institution had paid an advance of Rs.500,000 to the Open University of Sri Lanka on 25th February 2021 for obtaining of the Medical Welfare Insurance Scheme. However, although the institution had withdrawn from the said medical welfare insurance scheme in the year 2023, actions had not been taken to recover the advance amount paid till the end of the year under review.	A report had not been submitted by the Open University of Sri Lanka regarding this payment.	Actions should be taken to recover the advances issued promptly.

3.2 Operational inefficiencies

Audit Observation	Comments of the Management	Recommendation
The total number of 333 students registered as at 31 December 2024 for the 05 main courses operating in the institution, which were started in the year 2015, and the number of students who completed the Postgraduate Diploma during that year was 110. For one of these courses, not a single student had registered since the year 2022, and for another course, although only two students had	Actions are being taken to enroll the students by the institute in every year, and this was due to that the Ministry of Education had not granted sponsorship for the bilingual education course in the year 2021 and	Courses which can increase student attraction should be initiated and necessary actions should be taken to increase student registration.

registered in the year 2021, a single student had not completed that course. Forty Seven students were registered for the Master's Degree in Teaching Literature in a Second Language context (TLSC) during the period of 2019-2022, and students had not been registered for this course after the year 2023.

2023. Other reason is that other public and private institutions were granted permission to conduct courses at a parallel level.

4. Accountability and Good Governance

4.1 Annual Reports Tabling in Parliament

Audit Observation	Comments of the Management	Recommendation
Although, as per paragraph 6.6 of the Public Enterprises Circular Operations Manual No. 01/2021 dated 16 November 2021, the annual report with financial statements including the Auditor General's report should be tabled in Parliament within 05 months of the end of an accounting year, the annual report for the year 2023 had not been tabled in Parliament even by 20 March 2025.	The Cabinet approval for the 2023 Annual Report has been received on 2025.03.03 and action will be taken to submit it to Parliament as soon as possible.	Circular provisions should be followed.