

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the University College of Jaffna (“College”) 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 net assets and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, 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 College as at 31 December 2024, 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 Standard, 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 College’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 College or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the College’s financial reporting process.

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

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

- Whether the College has complied with applicable written law, or other general or special directions issued by the governing body of the College
- Whether the College has performed according to its powers, functions and duties; and
- Whether the resources of the College 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	Management Comment	Recommendation
(a)	Public Administration Circular No. 02/2018 (i) dated 30 November 2023.	Human Resource Development Plan had not been prepared by college for the year 2024.	We were not aware of this human resource plan, but we hope to follow it in the future with the guidance of university of vocational technology.	Action should be taken to prepare the Human Resource Development Plan.
(b)	Section 2.3 of Guidelines on Corporate Governance for Stated Owned Enterprises Circular No. 01/2021 of dated 16 November 2021.	Strategic plan had not been prepared by the college for the period from 2024 to 2029.	We are still not preparing Strategic plan. However, the Action Plan is prepared and approved by the Board of Management annually. In future, we will develop the Strategic plan.	Adherence to these guidelines, essential to achieve the long term goals of the college.
(c)	Section 12 of Public Finance Circular No. 02/2020 dated 28 August 2020.	The annual report of the college for the years from 2020 to 2023 had not been tabled in parliament even up to date of this report.	Starting from this year, the University of Vocational Training has taken action to send the annual reports of all university colleges together to parliament. We will continue to follow this approach in the future. In the past, they were prepared but were not tabled to the parliament.	Take immediate action to table all outstanding annual reports from 2020 to 2023 in Parliament without further delay and establish a monitoring mechanism to ensure the timely preparation, approval, and submission of future annual reports in compliance with circular provisions.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs.7,645,847 and the corresponding surplus in the preceding year amounted to Rs.3,568,292. Therefore, this reflects a decline of Rs. 11,214,139 in the financial result was observed. The decline is primarily due to a higher increase in expenditure compared to the increase in revenue.

3. Operational Review

3.1 Operational Inefficiencies

Audit Issue	Management Comment	Recommendation
Out of 889 students studied in the College during last 5 years period, 139 students ranging from 11 to 32 percent had dropped out without being completing the relevant courses due to various reasons.	Due to the economic crisis of the country, students dropped out from the course with reasons of going abroad, financial burdens, increased living cost (accommodation) and got other opportunities like selected for College of Education, ATI and other institutions.	Action Should be taken to minimize the drop-out rate of students.