

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Institute of Printing 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 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, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the institution as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards applied for small and medium scale business enterprises.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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 qualified 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 institution'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 institution or to cease operations, or has no realistic alternative but to do so.

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

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

1.4 Audit Scope(Responsibility of the Auditor on the audit of 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 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 Company'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 Company'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 Company 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 institution, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the institution has complied with applicable written law, or other general or special directions issued by the governing body of the institution ;
- Whether the institution has performed according to its powers, functions and duties; and
- Whether the resources of the institution had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Internal Control over the preparation of financial statements.

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.5.2 Non-Compliance with Sri Lanka Accounting Standard applicable for small and medium scale business enterprises

Non Compliance with the reference to particular Standard	Management Comment	Recommendation
Although disclosure of related party transactions is required as per the Section 33.2(b) (vii) of the Accounting Standard for Small and Medium-Scale Enterprises, although the Chairperson of the Institute had paid Rs. 425,500 as lecture fees in 2024 in relation to attending the Institute's lectures, this had not been disclosed in the financial statements.	Actions are taken to submit a note in preparing the final accounts for 2025.	Actions should be taken to disclose the related party transactions as per the accounting standards.

1.5.3 Accounting Deficiencies

	Audit Issue	Management Comment	Recommendation
(a)	The value of the land that was transferred to the Sri Lanka Printing Institute on 18 September 2018 had not been assessed and accounted.	A decision is due to be made regarding this land after discussions with the governing board.	Assets should be valued and accounted.
(b)	The profit for the year under review had been understated by the amount due to the accounting of bonuses and lecturer fees amounting to Rs.1,393,030 for the year 2023 as expenses for the year 2024.	This bonus will be determined and paid as per the decision of the Governing Board after the preparation of the February 2024 financial statements and it is not possible to estimate the amount of this bonus in the financial statements as an accrued expenditure in the year 2023.	Expenditure should be accurately identified and accounted.
(c)	The profit for the year under review had been overstated by that amount due to the accounting of course fees of Rs.400,000 for the year 2025 as income for the year under review.	An introductory workshop was held in December 2024 and the income from this course has been included in the course income for 2024.	Actions should be taken to identify and account Income related to the period accurately
(d)	The balance of receivables from the head office as at 31 December of the year under review was Rs. 24,291,015 as per the financial statements and there was a difference of Rs.580,000 as the balance was Rs. 23,711,016 according to the schedule submitted.	The outstanding amount for the Advanced Technology Diploma courses for the year 2022 is Rs.580,000.	Actions should be taken to compare the Financial statements and schedules and show the correct balances.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Issue	Management Comment	Recommendation
Action had not been taken to recover Rs. 25,267,565 due for courses from the year 2016 to the year 2024 in the year under review.	It is stated that the outstanding course fees of students who left their courses while studying cannot be recovered up to 2016/2022 and actions will be taken to recover the outstanding loans from 2022-2024.	Actions should be taken to recover the arrears of revenue without delay.

1.6.2 Payables

Audit Issue	Management Comment	Recommendation
Audit fees amounting to Rs.1,545,097 relating to the period from 2018 to 2024 had not been settled even by 30 June 2025.	Actions will be taken to pay a portion of these audit fees before the end of this year.	Balances due should be settled.

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

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Public Enterprises Circular			
(i) No. PED 04/2023 dated 11 December 2022	Although only Rs. 200,000 should be paid as bonuses for eight employees at a rate of Rs. 25,000 per employee according to the circular, contrary to this, the bonus payment was based on the basic salary of each officer and Rs. 911,650, which is double that, had been paid as bonuses in the year under review.	The bonus has been given to these employees with the approval of the Governing Board.	Action should be taken as per the provisions of the circular.
(ii) Paragraph 6.6 of the Operations Manual of the Department of Public Enterprises Circular No. 1/2021 dated 16 November 2021	Although the financial statements should be submitted to the Auditor General within 60 days of the end of an accounting year, the financial statements for the year under review	This delay had occurred due to the fact that the financial statements were submitted after the approval of the Board of Directors following the appointment of a new Board of Directors of the	Actions should be taken to submit the accounts on time

had been submitted institution on 25 for audit on 30 March 2024. April 2025, with a delay of 60 days.

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| (b) | Sub-sections 40(1) and 40(2) of the National Audit Act, No. 19 of 2018 | Actions had not been taken to appoint an internal auditor to conduct internal audit activities of the institution. | The institution has not established positions for an accountant or internal auditor. | An internal auditor should be appointed in in terms of the National Audit Act. |
| (c) | Section 41(1) of the National Audit Act No. 19 of 2018, Paragraph 03 of the Internal Audit Guideline No. DMA/01-2019, Paragraph 4.2 of the Public Enterprises Guidelines dated 16 November 2021 of the Department of Public Enterprises | An audit and management committee had not been appointed. | The decision taken by the Governing Board has been communicated to the Secretary of the Ministry. | Internal audit and management committees should be appointed as per the National Audit Act. |

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to surplus of Rs. 23,502,828 and the corresponding surplus in the preceding year amounted to Rs. 23,967,609. Therefore a deterioration amounting to Rs.464,781 of the financial result was observed.

3. Operational Review

3.1 Operational Inefficiencies

	Audit Issue	Management Comment	Recommendation
(a)	Although the estimated income of the institution's Matale branch was Rs. 1,450,000, it was able to achieve only a target of almost 40 per cent, or about Rs. 590,000 and although the estimated expenditure was Rs. 753,497, the actual expenditure was 127 per cent, or Rs. 963,211.	Actions will be taken to close this branch immediately after the completion of the courses to be conducted in the year 2025 due to the continued loss-making situation of the Matale branch.	The causes of the loss should be investigated and suitable measures should be taken.

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| (b) | Although 22 major activities had been planned according to the institution's action plan, 7 activities had not been carried out during the year under review. | Although several new courses had been planned to be held according to the 2024 action plan, these courses could not be started due to the lack of registration of the minimum number of students required for those courses. | An appropriate program should be implemented to recruit sufficient students. |
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3.2 Human Resource Management

	Audit Issue	Management Comment	Recommendation
(a)	A retired officer of the institution was appointed on a contract basis to the post of Academic Director for a period of two years from 1 March 2023 to 28 February 2025 without the approval of the Cabinet of Ministers and Rs.2,860,000 had been paid as salary and allowances up to 31 December 2024.	The appointment of this retired Academic Director has been granted with the approval of the Governing Board of the institution.	Actions should be taken to appoint a permanent officer as per the provisions of the Establishments Code.
(b)	A consultant was appointed without the approval of the Department of Public Enterprises and without assigning any specific duties and Rs. 288,000 had been paid in the year under review, while Rs. 168,000 should have been paid.	The Board of Governors has approved this consultant position and Rs. 288,000 has been paid for 96 hours and Rs.168,000 for 56 hours.	Actions should be taken to act with the approval of the Department of Public Enterprises.