

## **Ruwanpura Expressway Project - 2016**

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The audit of financial statements of the Ruwanpura Expressway Project for the first accounting year ended 31 December 2016 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.

### **1.2 Implementation, Objectives, Funding and Duration of the Project**

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The Ministry of Higher Education and Highways is the Executing Agency and Road Development Authority is the Implementing Agency of the Project. The objective of the Project is to construct a new expressway between the Southern Expressway and the Central Expressway to cover the Sabaragamuwa Province and a part of Western Province to improve the strategic and socio economic condition of the country.

### **1.3 Responsibility of the Management for the Financial Statements**

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Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### **1.4 Auditor's Responsibility**

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Project's preparation and fair presentation of the financial statements 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 Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. The examination also included such tests as deemed necessary to assess the following.

- (a) Whether the systems and controls were adequate from the point of view of internal control so as to ensure a satisfactory control over Project management and the reliability of books, records, etc. relating to the operations of the Project.

- (b) Whether the expenditure shown in the financial statements of the Project had been satisfactorily reconciled with the enhanced financial reports and progress reports maintained by the Project.
- (c) Whether the funds, materials and equipment supplied had been utilized for the purposes of the Project.
- (d) Whether the expenditure had been correctly identified according to the classification adopted for the implementation of the Project, and
- (e) Whether the financial statements had been prepared on the basis of Sri Lanka Public Sector Accounting Standards.

## **2. Financial Statements**

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### **2.1 Opinion**

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So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that,

- (a) the Project had maintained proper accounting records for the year ended 31 December 2016 and the financial statements give a true and fair view of the state of affairs of the Project as at 31 December 2016 in accordance with Sri Lanka Public Sector Accounting Standards, and
- (b) the funds provided had been utilized for the purposes for which they were provided.

### **2.2 Comments on Financial Statements**

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#### **2.2.1 Accounting Deficiency**

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Advances aggregating Rs.3.41 million made at Sri Lanka Land Reclamation and Development Corporation and Road Development Authority had been charged as the expenditure for the year under review.

## **3. Financial Review**

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### **3.1 Utilization of Funds**

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According to the financial statements of the Project for the year ended 31 December 2016, a sum of Rs.37.50 million had been spent by the Project, out of funds allocated by the Government of Sri Lanka to carry out preliminary works on construction of the Expressway.

According to the information received, the opportunities were being exploring as at 31 December 2016 to obtain foreign financial assistance thereon.

### **3.2 Physical Progress**

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The following observations are made.

- (a) According to the information received, an agreement had been entered into with the Road Development Authority and the its Subsidiary Company engaged in providing of consultancy services to conduct a feasibility studies of the Project including surveying, investigation, preliminary design, social and environmental impact assessment and resettlement activities. Eventhough the contracts in providing consultancy services was required to be completed by 30 July 2015, the reports thereon had not been submitted even as at 31 December 2017.
  
- (b) The Environmental Impact Assessment Report required to be obtained from the Central Environmental Authority before implementing the Project as per National Environment Act, No.47 of 1980 had not been obtained by the Project. However, the activities such as corridor surveys and preparation of preliminary designs etc had been commenced during the year under review.