

## **Establishment of Research and Training Complex at the Faculty of Agriculture, University of Jaffna Project - 2018.**

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The audit of the financial statements of the Establishment of Research and Training Complex at the Faculty of Agriculture, University of Jaffna Project for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance 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 the Grant Agreement No. 1560660 dated 18 May 2016 entered into between the Democratic Socialist Republic of Sri Lanka and the Japan International Cooperation Agency. My comments and observations which I consider should be reported to the Parliament appear in this report.

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

According to the Grant Agreement of the Project, then Ministry of Higher Education and Highways presently the Ministry of City Planning, Water Supply and Higher Education is the Executive Agency of the Project. The objective of the Project is to improve effective research, education and promotion activities of dry zone agriculture in Northern area. As per the Project cost estimate, the estimated total cost of the Project amounted to Japan Yen 1,917 million equipment to Rs.2,415 million. Out of that Japan Yen 1,667 million equivalent to Rs.2,100 million was agreed to be provided by the Japan International Cooperation Agency and the balance sum of Japan Yen 250 million equivalent to Rs.315 million was agreed to be provided by the Government of Sri Lanka. The Project commenced its activities on 01 May 2017 and scheduled to be completed by 30 June 2020.

### **1.3 Opinion**

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Project as at 31 December 2018, financial performance and its cash flow for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### **1.4 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.

### **1.5 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.

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

## **1.6 Auditor's Responsibilities 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 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 Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **2. Physical Performance**

### **2.1 Physical Progress of the Activities of the Project**

The activities of the Project consisted with the establishment of a Research and Training Complex and a Farm with essential equipment at the Faculty of Agriculture in the University of Jaffna in order to improve effective research , education and promotion activities of dry zone agriculture in the Northern Province. According to the information received, the construction works of the buildings and the farm had been substantially completed and installation of equipments were remained in progress as at 15 September 2019.