

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the of Post Graduate Institute of Pali and Buddhist Studies affiliated to the University of Kelaniya for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the Section 23 of the Postgraduate Institute of Pali and Buddhist Studies Ordinance No. 8 of 1979, enacted in under Section 18 of the Universities Act No. 16 of 1978, Subsection 107 (5) of the Universities Act and the provisions of the National Audit Act No. 19 of 2018. My comments and observations which I consider should be tabled in Parliament appear in this report.

In my opinion, except for the effects of the matters described in Paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Institute as at 31 December 2020, 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 Qualified Opinion

My opinion is qualified based 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 institute 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 intends 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 Responsibilities on 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 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, 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 institute 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 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 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 Audit Observations on Preparation of Financial Statements

1.5.1 Internal Control over the preparation of financial statements.

The Institute is 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 to the Sri Lanka Public Sector Accounting Statements

Non-compliance with reference to the Particular Standard	Management Comment	Recommendation
Since useful life time of the non-current assets had not been reviewed annually in terms of Paragraph 65 of the Sri Lanka Public Sector Accounting Standard 07, fixed assets costed for Rs. 7,562,138 were further in use despite being fully depreciated. As such, action had not been taken to revise the said estimated error in the financial statements in terms of Sri Lanka Public Sector Accounting Standard 03.	The recommendation of the Audit Committee was made to review the assets mentioned herein by appointing a committee consisting of external members or members of the institution. Accordingly, action will be taken in due program.	Should be complied with Accounting Standards.

1.5.3 Un-reconciled Control Accounts or Records

Item	Value as per Financial Statements	Value as per the Corresponding Record	Difference	Management Comment	Recommendation
	Rs.	Rs.	Rs.		
Fixed Assets	32,521,695	28,700,025	3,821,669	Corrections will be made in the future in accordance with the recommendation s of the Audit Committee and the Board of Management.	Accounts and Schedules should be maintained accurately.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs. 2,045,577 and the corresponding deficit in the preceding year amounted to a Rs. 5,778,095. As such, an improvement amounted to Rs.3,732,518 in the financial result was observed. Increase in self-financing program fees was mainly attributed to this improvement.

3. Operational Review

3.1 Management Inefficiencies

The following observations are made.

Audit Observations	Management Comment	Recommendation
(a) No any student had been registered for the Post Graduate Diploma in Buddhist Studies (Sinhala Medium) and Master's Degree Program (Singapore) (English Medium) since the year 2018. Further, students were not registered for the Masters Degree in Pali Studies (English Medium) and the Postgraduate	Applications for the Diploma in Buddhist Studies (Sinhala Medium) will be referred to the Masters Program in 2018 with the revision of the criteria for admission of students to the Masters of Buddhist Studies (Sinhala) program. Failure to apply for a sufficient number of students to conduct programs from the affiliated institution in	Student attraction improvement methods should be followed for the conducting programs.

Diploma Program Singapore and due to (Singapore) (English Medium) in the years 2018 and 2019 and only 6 students were registered in the year under review. Also, no students were registered for the Masters Degree Program (China) (English Medium) in the years 2019 and 2020.

Singapore and due to difficulties such as coordinating lecturers in teaching activities, programs were not conducted in 2018 and 2019.

The institute annually introduces short programs to attract students to Pali programs and advertises the programs at educational institutions such as Pirivenas island wide.

- (b) There were 14 occasions when the first and second examiners withheld the postgraduate dissertations handed over by the undergraduates of Buddhist Philosophy (MPhil) and Master of Buddhist Philosophy (PHD) for the years 2017 and 2018 for a period of 8 months to 2 years and 8 months and this was the main reason for the delay in releasing the results.
- After obtaining the dissertation examiner reports related to the Philosophy Degree Examination, written and oral examinations will be conducted and the revised dissertation will be handed over and, then, the results will be issued. The procedure other than the written test for the Master of Philosophy degree is applicable. The time taken for this whole process varies according to the thesis and the practical issues mentioned above.
- Necessary actions should be taken to release the results without delay.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation	Management Comment	Recommendation
Even though 03 main targets and 13 activities were identified in the action plan prepared for the year 2020, activities had not identified related to improving the quality of program, introducing new programs and enrolling students etc.	The action plan was prepared with priority given to the construction of the new building. The institute was active till March 2020 and about 2 months were used to meet the missed activities at the end of the year. Relevant parties were	Should be focused on achieving key goals.

Although the main objective is to become the leading institution of the teaching of Theravada Buddhist philosophy, out of the 08 activities identified under that, 06 activities had not been completed.

instructed to focus on the issues raised in the coming years.