

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the University College of Anuradhapura for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance and statement of changes in net assets and cash flow statement for the year then ended and notes to the Financial statements and a summary of significant accounting policies, was carried out under my direction in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be 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 reported to parliament appear in this report.

In my opinion, the financial position of the University College of Anurathapura as at 31 December 2022 and of its financial performance and its cash flows for the year then ended give a true and fair view 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 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 University 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 University College or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the University College's financial reporting process.

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

1.4 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 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 great 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 University College and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the University College has complied with applicable written law, or other general or special directions issued by the Board of Governors of the University College;
- Whether the University College has performed according to its powers, functions and duties; and
- Whether the resources of the University 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

Reference to the Laws, Rules, and Regulations	Non Compliance	Comments of the Management	Recommendation
Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(a) Financial Regulation 571 (2)	Action had not been taken in terms of the financial regulations on the contract retention money total amounting to Rs. 606,419, relating to the year 2019 and 2022.	This Financial Regulation does not apply to this amount as this amount is retained to compensate of any defect in the respective construction.	As 2 years period has expired, Financial Regulations should be followed.
(b) Financial Regulation 756	An annual board of survey on the inventory items of	The board of survey for the year 2022 is	Annual board of survey should be carried out as per

the institute as on 31 December of the year under review had not been carried out. currently being carried out and the report will be submitted to the Auditor General. the Financial Regulations.

2. Financial Review

2.1 Financial Result

The operation result for the year under review had a surplus of Rs. 54,546 as compared with the corresponding deficit of Rs.3,154,758 for the preceding year, thus observing an improvement of Rs. 3,209,304 of the financial result. This improvement was mainly due to increase in the recurrent grant.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comment of the Management	Recommendation
<p>About 600 students study annually in the buildings constructed in 01 acres of land in the Anuradhapura University College premises extent of 02 acres, 03 perches, and 17 perches. Action had not been made to complete the process of obtaining ownership of the land and also utilizing remaining, more than 01 acres of land for the development of the institute as at the end of the year under review.</p>	<p>The Vocational Technology University and the Line Ministry had already been informed to hand over the ownership of the relevant land to the university.</p>	<p>The ownership of the land should be taken and the entire land should be developed for the educational purposes of the students.</p>