

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Postgraduate Institute of Medical Sciences for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 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, the financial statements give a true and fair view of the financial position of the Institute as at 31 December 2022, and of its financial performance and cash flows for the year then ended 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 unqualified 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 determines 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'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 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 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 judgement and maintain professional scepticism throughout the audit. I also,

- Identify and assess the risk 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 institution'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 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 complained 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 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules, Regulations etc.	Non- compliance	Management comment	Recommendation
(a) Paragraph 4 of the Post Graduate institute of Medical Sciences ordinance No 3 of 2019	None of the basic objectives of admitting students, facilitating teaching, training and research in specialist areas of medicine, as may be approved by the commission with the concurrence of the university had been fulfilled.	It was not possible to start the courses due to the lack of sufficient funds and approval.	Actions should be taken to fulfil the objectives and tasks mentioned in the directive.
(b) Public Enterprises Circular No. PE 01/2021 dated 16 June 2021			
i. Paragraph 2.3	Although the institution's strategic plan and budget should be submitted to the Auditor General, Line Ministry and Department Of Public Enterprises 15 days before start of each year, the strategic plan for the years 2022-2026 was not submitted to the relevant institutions.	Necessary arrangements will be made for corrections in the future.	Action should be taken in accordance with circular instructions.
ii. Paragraph 4.2	Although the Audit and Management Committee should held 4 meetings once in 3months per year, only 2	Necessary arrangements will be made for corrections in the future	Action should be taken in accordance with circular instructions.

Audit and Management committee meetings were held in relation to the year under review.

2. Financial Review

2.1 Financial Result

The first financial statements related to this institution were prepared in the year under review. Accordingly, the operating result of the year under review was a surplus of Rs. 522,363.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation -----	Management Comment -----	Recommendation -----
(a) According to the Post Graduate institute of Medical Sciences directive No. 03 of 2019, the activities of the institution had come into effect on September 9 2019, But, by the end of the year under review, although about 3 ½ years has passed, no academic course had been started.	Although the Institution was established in 2019, a director was appointed to the Post Graduate Institute of Medical Sciences in the year 2021 and the approval of the University Grants Commission for the commencement of the relevant courses was received in the year of 2023.	Arrangements should be made to start the academic courses within the stipulated time period.
(b) An Action plan and procurement plan had not been prepared for the year under review.	Due to lack of proper allocation it was not possible to prepare an action and procurement plan	Arrangements should be made to prepare the relevant plans with the stipulated time period.