

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Gampaha Wickramarachchi University of Indigenous Medicine 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 Subsection 107(5) of the Universities Act No. 16 of 1978 enacted by section 18 of the Universities Act No. 16 of 1978 and the provisions of the National Audit Act, No. 19 of 2018. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, the financial statements give a true and fair view of the financial position of the University 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 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 University'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 intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

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

As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the University 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 audit 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 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 University's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit 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 audit report. However, future events or conditions may cause the University 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 and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the University has complied with applicable written law, or other general or special directions issued by the governing body of the University;
- Whether the University has performed according to its powers, functions and duties; and
- Whether the resources of the University 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, Management Decisions etc.

	Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a)	Financial Regulation 571 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	Tender deposits and retention money for more than 02 years with a total value of Rs.1,684,780 were not dealt with as per the Financial Regulations.	As per the recommendations of the Finance Committee, actions are being taken to get in to the income, use to cover the losses and to carry forward according to the requirements.	Provisions of the Financial Regulations should be complied.
(b)	Public Finance Circular 01/2020 and Financial Regulation 371(2)	(i) Advances total amounting to Rs.345,000 had been given in two occasions exceeding the maximum limit of Ad-hoc imprests grant. (ii) Out of the total advances of Rs.798,340 given in 17 occasions without preparation of correct estimates 43 percent to 83 percent were saved and the advances of Rs.599,350 given in 14 occasions, the entire amount was returned without carrying out the related works.	That the special approval of the Finance Committee and the Vice-Chancellor has also been obtained, and that some of the work done on the basis of the estimates had not been carried out, and that there had been savings of advances, and that they had been settled without delay.	Financial Regulations and circular provisions should be complied.

1.6 Financial Management

Audit Observation	Comments of the Management	Recommendation
The donation amounted to Rs.250,000 received in the year 2005 for repairing the Panchakarma building of the University was invested in a fixed deposit from 30 November 2005 without being used for the related purpose and as of 31 December of the year under review, the value of that fixed deposit was Rs.1,070,927.	That the repair work of Panchakarma building was done in the same years and there was no necessity of using this money for the repair.	The funds given should be used for achieving relevant objectives.

2. Financial Review

2.1 Financial Results

The operations result of the University for the year under review had been a surplus of Rs.48,773,516 as compared with the corresponding surplus of Rs.161,849,926 for the preceding year, thus indicating a deterioration of Rs.113,076,410 in the financial result. The increase in the salaries and wages expenditure by Rs. 112,574,488 had been the main reason for the said deterioration.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
Due to the lack of sufficient space facilities for university activities, a building premises on Yakkala road had been obtained for the Indigenous Medicine Resources Department from 15 June 2022 at monthly rate of Rs.550,000 for 02 years period and an amount of Rs.8,817,467 had been incurred for additional constructions and works to make it suitable for occupy. Further, although the buildings were rented from Moratuwa area for 03 years from 01 January 2022 for monthly rent of Rs. 750,000 for the Department of Sociology and the Department of Management, it was located more than 50 km away from the main office premises of the University and the commencement of courses for the Department of Management had not been done even until 31 December 2022.	That the building on Gampaha Yakkala Road was taken on a lease basis and arrangements were made to bring it into a suitable condition for carrying university activities. Also, the Faculty of Sociology and Management Studies has been established at Bandaragama Alokawatta and this faculty has been established in a very suitable environment for graduate course work.	Action should be taken to minimize the cost and the course work should be started and maintained properly.

3.2 Operational Inefficiencies

Audit Observation	Comments of the Management	Recommendation
The academic staff were granted leave without formal plan and external lecturers were engaged for covering lectures and a sum of Rs. 840,675 was paid as allowances during the year under review.	Some degree courses require the knowledge of traditional doctors and their knowledge obtain through the external lecturer service. After upgrade to the university status, the academic staff was not sufficient and arrangements were made to get them externally.	Arrangements should be made to get the maximum service from the academic staff.

3.3 Delays in Execution of Projects and Capital Works

Audit Observation	Comments of the Management	Recommendation
The 2.3533 hectares Medicinal Garden located at Matalane in Vatupitiwala was handed over to the University on 31 July 2013 as a grant, but a formal census of the medicinal herbs and vegetation etc. existing in the garden was not conducted and a report showing their locations had not also maintained. Also, no arrangements had been made to use the park for the objectives of the institution and for the future development of the park even up to the date of this report.	As per the approval of the Senate and the Governing Council, to utilize this garden for the objectives of the institution, a plan is being prepared and tenders are being called for the preparation of the Tissue Culture Lab in the said premises according to the relevant specifications.	A formal plan should be prepared to achieve the objectives of the institute.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation	Comments of the Management	Recommendation
Out of the 77 activities expected to be accomplished in the action plan presented for the year 2022, 14 activities had not been started during the year and the progress of 48 activities was less than 50 percent.	Due to the instability in the country in 2021 and 2022, it was not possible to carry out the activities as planned.	Actions should be taken to accomplish planned activities as intended.