

Postgraduate Institute of Archaeology affiliated to the University of Kelaniya - 2022

1. Financial statements

1.1 Opinion

The audit of the financial statements of the Postgraduate Institute of Archaeology affiliated to the University of Kelaniya 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 and the National Audit Act No. 19 of 2018 read in conjunction with provisions of the Section 20 of the Postgraduate Institute of Archaeology Ordinance No. 02 of 1985 enacted under Section 18 of the Universities Act No. 16 of 1978 and Sub-section 107 (5) of the Universities Act. My comments and observations which I consider should be tabled in Parliament appear in this report.

In my opinion, the financial statements of the Institute give a true and fair view of the financial position of the Institute as at 31 December 2022, 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 Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAS). 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 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'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 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 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 Institute'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 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 Non-compliance to Laws, Rules, Regulations and Management Decisions

The following observations are made.

Reference to laws, rules, regulations	Non compliance	Comments of the Management	Recommendation
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 105 (2)	Action had not been taken in terms of provision of the Financial Regulations regarding the missing 808 books and 515 magazines.	An investigation in this regard is currently being carried out.	The provisions of the Financial Regulations should be complied with.
(ii) Financial Regulation 571	Action had not been taken in terms of Financial Regulations regarding 06 deposits with a total value of Rs.47,976 which exceed 02 years after completion of the relevant work.	Those institutions will be informed in writing on 31.03.2023 in this regard.	The provisions of the Financial Regulations should be complied with.
(b) University Grants Commission Circular No. 2022/01 dated 03 January 2022	Although the library book verification should be done annually, the relevant verification work was not done after the year 2019.	According to the library book verification conducted in the year 2019, as an investigation regarding the missing library books is currently underway. Accordingly, it has been decided at the 25th Library Advisory Committee meeting not to conduct a library book verification until the problem is resolved.	The provisions of the circulars should be complied with.
(c) University Grants Commission Circular No. 15/2015 dated 17 November 2015	Although the results should be released within 03 months of conducting the examination, the release of the results of 10 subjects related to 03	Action had been taken to send reminders to the lecturers who are more than 03 months with the signature of the Director of the institution to get	The provisions of the circulars should be complied with.

examinations conducted the examination papers. during the year under review was delayed for a period of 04 months to 07 months.

2. Financial Review

2.1 Financial Results

The operating result of the year under review had been a deficit of Rs.3,181,409 as compared with the corresponding surplus of Rs. 5,471,750 in the preceding year, thus observing a deterioration of Rs. 8,653,159 in the financial result. The decrease in the receipts of Recurrent and Capital Grants on non-exchange transactions by Rs.12,552,523 had mainly attributed to the said deterioration.

3. Operational Review

3.1 Operational Inefficiencies

The following observations are made.

Audit Observation	Comments of the Management	Recommendation
(a) 77 students were registered for 07 postgraduate courses in the year under review, and 82 students were registered for 05 postgraduate courses in the previous year. Although the number of postgraduate courses has increased by 02 over the previous year, the number of students registered for postgraduate courses has decreased by 05 students over the previous year. Also, since the number of post-graduate courses in which more than 10 students were registered was 04, the management had not focused on enrolling students for the post-graduate courses conducted by the institute.	Although a significant number of applications were received for the academic year 2022, student registration for the courses was at a minimum level with the onset of the economic crisis in the country.	Actions should be taken to increase student attraction for postgraduate courses.

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| (b) | There were no student registrations for any non-degree courses during the year under review and students were registered for non-degree courses for the last time was in the year 2020 and 220 students for 06 courses was enrolled. | It was delayed due to the prevailing covid epidemic situation at that time and four new courses that have been introduced are currently being conducted. That the applications for the rest of the courses will be invited in the future after the syllabus is approved by the Academic Board. | Necessary action should be taken to register students for non-degree courses as well. |
| (c) | It was revealed in the examination of the process up to the evaluation of postgraduate theses and the release of results that, 21 days to 68 days were taken to hand over theses given to the institution by the postgraduate candidates to the first and second examiners in 07 instances and the examiners had spent more than 60 days to examining theses in 14 instances. Also, the examiners spent more than 60 days to conduct the oral examination after checking the theses in 03 instances. | The examiners have to be appointed by the Academic Board after the submission of theses. In some cases, when the appointed examiners refuse to examine the thesis, the approval of the next academic board should be obtained to appoint another examiner. That such circumstances led to this delay. | Action should be taken to minimize the time spent in examining theses by the examiners and conduct oral examinations promptly. |