

Postgraduate Institute of Archaeology affiliated to the University of Kelaniya - 2023

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 2023 comprising the statement of financial position as at 31 December 2023 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 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 2023, 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 Regulation 570 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka | Action had not been taken in terms of the Financial Regulations regarding 02 tender deposits with a total value of Rs.35,000, which exceeded 2 years after completion of the relevant works. | Action had been taken to inform the relevant organizations in writing and it will be submitted to the next finance committee to get into the income of the institute. | The provisions of the Financial Regulations should be complied with. |
| (b) | Financial Regulation 105 (2) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka | Action had not been taken in terms of provision of the Financial Regulations regarding the missing 808 books and 515 magazines. | The relevant investigation report had been submitted to the Council and it was decided that a board of survey of library books should be conducted under the supervision of the Chief Librarian of the University of Kelaniya and the report of the survey should be submitted to the Council of the Kelaniya. That the initial activities related to conducting of board of survey on library books are currently being prepared. | The provisions of the Financial Regulations should be complied with. |
| (c) | 4 (i) of the University Grants Commission Circular No. | A board of survey should be conducted annually if the | It was decided at the 25th Library Consultative Committee meeting | The provisions of the circulars should be complied with. |

| | | | | |
|-----|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| | 2022/01 dated 03 January 2022 | number of library books is less than 100,000. But board of survey was not conducted after the year 2019 regarding the library books collection of 18,672 of the institution. | held on 12 October 2022 not to conduct a library book verification until the issue of missing books and magazines is resolved. | |
| (d) | University Grants Commission Circular No. 15/2015 dated 17 November 2015 | The release of examination results of 15 subjects related to 05 degree programs conducted during the year 2023 was delayed for a period of 03 months to 05 months. | That some time had passed due to the recommended dates for submission of assignments were extended by the subject lecturers on the request of students and due to some examiners had gone overseas and due to bad health conditions, they were referred to other approved examiners to check the answer sheets. | The provisions of the circulars should be complied with. |
| (e) | 4 (ii) of Management Services Circular No. 02/2014 dated 11 February 2014 | An internal research report on the progress of the research should be submitted to the Research Committee within 6 months from the date of commencement of the research for further research payments. But the research allowances of Rs.4,447,297 had | That this situation has continuously happened due to some mistakes of collective responsibility and that action will be taken to rectify it in the future. | The provisions of the circulars should be complied with. |

been paid to 09 officers in the year 2023 without approval for further payment of the said committee .

2. Financial Review

2.1 Financial Results

The operating result of the year under review had been a deficit of Rs. 21,929,331 as compared with the corresponding surplus of Rs. 3,181,409 in the preceding year, thus observing a deterioration of Rs. 18,747,922 in the financial result. The decrease in the recurrent grants 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) Although the vision of the Postgraduate Institute of Archaeology is to be Asia's premier center for research and higher education in archeology and related fields, none of any foreign student had been registered for education or research work in the year 2023. A suitable promotional program to increase the attraction of local and foreign students had not been identified and implemented. | Promotional campaigns for new courses including the details of the courses were carried out through social media such as Face book. | The most suitable promotional programs should be published to fulfill the objectives of the establishment of the organization. |
| (b) 82 students were registered for 06 degree programs and 10 or less students were registered in 03 degree programs in the year under review. Since the student attraction for the courses was at a very low level, it was not possible to cover even the basic costs with the income of most of the courses. | If the minimum number of students required to conduct the lectures in the course is not registered, those courses will not be conducted in the relevant year and the relevant courses were research degree courses. | Actions should be taken to increase student attraction for postgraduate courses. |

- (c) 220 students were registered for 6 non degree courses in the year 2020, and 271 students were registered for 7 non degree courses in the year 2023, and no students were registered in the years 2021 and 2022. The student registration of three courses had decreased and no student had registered for one of them in the year 2023 compared to the year 2020.
Further, according to the action plan of the year 2022, 11 new non degree courses were proposed to be introduced, but none of them had been started.
- The Certificate Course in Cultural Tourism, which was less registered due to many applicants were gone overseas and going for employment and higher education in the year 2023 will be adapted to the Diploma in Archeology Cultural Tourism course and curriculum will be developed and lectures will be held targeting groups such as guides employed in the tourism sector.
That there is a significant shortage of adequate academic and non-academic staff to start these new courses, which delayed the start of these courses.
- (d) In the test check conducted on 29 students who have submitted research theses, in 13 occasions it had taken between 30 days to 91 days to send the research theses to the examiners which had handed over to the institute by the students..
Also, in 14 occasions more than 90 days had spent by the first, second and third examiners in checking and resubmitting theses given for evaluation.
- If the Academic Board does not meet during the month in which the theses are submitted, examiners will be appointed by the Academic Board meeting in the following month. In some cases, when the appointed examiners refuse to examine the theses, the approval of the next academic board should be obtained to appoint another examiner. The above academic procedure for appointment of examiners is a recommended process and cannot be bypassed or further modified.
- Action should be taken to check under a regular time frame and issue the results without delay.