

1. Financial Statements

1.1 Opinion

The audit of the financial statements of University of Colombo School of Computing 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 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 Section 23 of the Colombo University Computer Studies Institutions Ordinance No. 1 of 2002 enacted under Section 18 of the Universities Act No. 16 of 1978 and Subsection 107(5) of the Universities Act. 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 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 (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 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 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 financial reporting process.

As per 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 Responsibility of the Auditor on Audit 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 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 Institutes' 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 Institutes' 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 had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Accounts Receivables

Audit Observation	Comments of the Management	Recommendation
(a) Five debtor balances total amounting to Rs.496,890 which had not been recovered in the period from 03 years to 09 years had not been recovered even at the end of the year under review.	Actions are being taken to recover this outstanding balance.	Action should be taken to recover the receivable amounts immediately.
(b) A sum of Rs. 2,168,839 due from a lecturer who breached his bond had not been recovered even after a period of 05 years had passed.	That legal action has been initiated to recover this amount.	Necessary action should be taken to recover relevant amount immediately.

1.6 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to laws, rules, regulations	Non compliance	Comment of the Management	Recommendation
(a) Section 11 (a) of the Finance Act No. 38 of 1971	An amount of Rs.320,965,536 had been invested in fixed deposits during the year under review, without obtaining the prior approval of the concerned Minister and the Finance Minister.	That all investments made by the Institute are done on the recommendation of the Investment Committee and with the approval of the Management Board of the Institute.	Finance Act. Should be complied.
(b) State Accounts Circular No. 30/94 dated 20 April 1994 and Director	A total sum of Rs. 2,397,223 received as foreign grants	Action will be taken to inform all the details of the	Circular provisions should be followed.

General, Department of External Resources letter No. SC&PMU/Grant/19 dated 25 July 2019	during the year under review as project and research grants for 02 projects had been directly received by the institute contrary to the circulars.	direct foreign grants received by the institution properly to the Department of External Resources of the Treasury from the year 2024.	
(c) Paragraph 7.1.4 of the Section (ii) of Public Finance Circular No. 01/2020 dated 28 August 2020, and Paragraph 03 (viii) of National Budget Circular No. 03/2022 dated 26 April 2022	The amounts of Rs.11,070,130 and Rs.16,184,732 earned through courses and projects in the years 2022 and 2023 respectively had been allocated for 02 welfare programs without the approval of the Treasury.	These provisions will be allocated for the welfare of the staff who are directly and indirectly involved to these courses, under the budget provisions of the respective courses, after allocating 30 percent of the income earned from the courses conducted by the institute for recurrent and capital expenditure.	Circular provisions should be followed.
(d) Paragraph 5 of the circular letter No. BD/HRD/126/214/19/2023 dated 18 January 2023 of the Secretary to the Treasury addressed to the Secretary, Ministry of Education	A sum of Rs.1,163,248 recovered from a lecturer who had breached bond during the year under review had not been credited to the state revenue.	As per the Finance circular letter number 05/2023 of the University Grants Commission, that these funds should be used for the air ticket fee to be paid when the academic staff goes abroad for post-graduate studies or sabbatical leave. As such, this	Treasury instructions should be followed.

money had not been credited to the state revenue.

2. Financial review

2.1 Financial results

The operating result of the year under review had been a surplus of Rs.273,980,250 as compared with the corresponding surplus of Rs.252,935,523 for the preceding year, thus observing an improvement of Rs.21,044,727 in the financial result of the year under review. Increase in generated revenue by Rs.22,351,517 had mainly attributed to this improvement.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
An amount of Rs.22,870,979 existing in 02 restricted funds had not been utilized for their intended purposes during the year under review and a fund of Rs.2,315,411 was not utilized for more than 04 years.	That the staff development fund has not been utilized in the year 2023 as the training of the staff of the institution has been temporarily stopped in the year 2023. Action is being taken to use the funds in the allocation for Equipment Replacement amounting to Rs.2,315,411.00 for procurement of computers.	Funds should be utilizes effectively.