

Gampaha Wickramarachchi University of Indigenous Medicine - 2023

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Gampaha Wickramarachchi University of Indigenous Medicine 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 Subsection 107(5) 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, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the University as at 31 December 2023, 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

My opinion is qualified based on the matters described in paragraph 1.5 of this report.

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 qualified 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 had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statements

1.5.1 Accounting Deficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	Although the interest income in relation to two fixed deposits of the year under review was Rs.1,839,646, it was stated as Rs.2,759,470. As such, the surplus and interest income of the year was overstated by Rs.919,824.	That over-accounting of investment interest has been corrected in the year 2024 through a journal entry.	Revenues related to the year should be correctly identified and accounted for.
(b)	Salaries and overtime were over accounted by Rs. 2,171,245 related to the year under review, as such, the surplus and accrued expenses of the year were understated and overstated respectively by that amount.	That some excess amount will be allocated for the reasons such as make payment of salary arrears and overtime arrears due to pre-dating of staff promotions etc.	Expenses related to the year should be correctly identified and accounted for.

1.5.2 Non-compliance with Laws, Rules, Regulations, Management Decisions etc.

Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
Establishment Circular of the University Grants Commission No. 15/2015 dated 17 November 2015	Although the results should be released within 3 months from the date of conducting the exams, the university had taken 5 months to 15 months to release the results of the exams conducted in the years 2022 and 2023.	That due to the crisis situation and oil crisis in the country in the years 2022/2023, it was not possible to properly distribute and receive the answer sheets to the lecturers/external lecturers who check the answer sheets.	Action should be taken to release the exam results within the stipulated period.

2. Financial Review

2.1 Financial Results

The operations result of the University for the year under review had been a surplus of Rs. 168,667,445 as compared with the corresponding surplus of Rs. 48,773,515 for the preceding year, thus indicating an improvement of Rs. 119,893,929 in the financial result. The increase in the government recurrent grant by Rs. 86,500,000 had been the main reason for the said improvement.

3. Operational Review

3.1 Under Utilization of Funds

Audit Observation	Comments of the Management	Recommendation
A sum of Rs. 2,407,433 held in 4 restricted funds as at 31 December of the year under review had not been utilized during the year for the relevant purposes.	That some programs had to be postponed due to the need of giving more priority to academic activities that were missed in the time of the Covid epidemic.	Funds should be effectively utilized for the respective purposes.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation	Comments of the Management	Recommendation
According to the action plan, out of the 109 activities identified to be implemented in the year under review 46 could not be commenced. Further, the progress of 20 activities started during the year under review was less than 50 percent.	Due to the necessary allocations were not received from the treasury as expected during the year and the university was unable to achieve the expected revenue targets were the reasons for this.	Necessary provisions should be made available to achieve the objectives of the action plan.