

## University of Vavuniya - 2023

---

### **1. Financial Statements**

#### **1.1 Opinion**

The audit of the financial statements of the University of Vavuniya (“University”) 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 net assets and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, 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 Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, the accompanying 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 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 Standard, 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 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 intend 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 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 University.

## 1.4 Audit Scope

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 University'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 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 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 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 Accounts Receivable and Payable

### 1.5.1 Receivables

Audit Issue	Management Comment	Recommendation
One of the academic staff of the University who had gone overseas on scholarship programmes had not reported for duty after completion of the scholarship, However, University had not taken remedial action to recover the bond value amounting to Rs.20,186,636	The University requested the academic staff to settle Rs.14 million bond dues within 12 months from May 2023. The University will pursue legal action if the remaining balance is not paid by May 2024.	Actions should be taken to recover dues on time.

## 1.6 Non-Compliance with Sri Lanka Public Sector Accounting Standards

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Section 3 of Chapter XX of the Establishment Code of the University Grants Commission and Higher Educational Institutions.	A sum of Rs.281,364,692 had been paid as salaries and allowances for the academic staff during the year under review without confirming the arrival and departure of the academic staff.	It is the general practise in the state University system that academic staff are not signing the attendance register. However, the Heads of the Department certificate is obtained regarding the work done by each academic staff member before paying the salary.	Action should be taken to comply with the E-code of the University.
(b) Establishment Circular Letter No.15/2015 dated 17 November 2015 of University Grants Commission.	Even though the results should be released within 3 months after conducting the examination, it had taken a period ranging from 04 months to 08	The delay was caused by lack of senior academic staff and delay in second marking, Action will be taken to release the results within 3 months.	Action should be taken to comply with of the Circulars.

months in 03 Faculties  
in the University, during  
the year under review.

## **2. Financial Review**

### **2.1 Financial Result**

The operating result of the year under review amounted to a surplus of Rs.77,270,409 and the corresponding surplus in the preceding year amounted to Rs.27,112,151. Therefore, an improvement amounting to Rs.50,158,258 of the financial result was observed. The reasons for the improvement are the increase in the recurrent grant and the capital revenue from non-exchange transactions.

## **3. Operational Review**

### **3.1 Delays in Projects or Capital Work**

<b>Audit Issue</b>	<b>Management Comment</b>	<b>Recommendation</b>
A sum of Rs. 341,591,680 was paid for the construction of a library building, which was scheduled to be completed by 24 October 2021 as per the construction agreement. However, it was observed that the construction had not been completed to date.	Due to the pandemic, subsequent economic crises, and unexpected increases in the cost of construction materials, more than 85% of the work has been completed to date.	Action should be taken to complete the work without further delay.