

Post Graduate Institute of Pali and Buddhist Studies affiliated to the University of Kelaniya - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the of Post Graduate Institute of Pali and Buddhist Studies affiliated to the University of Kelaniya for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 Section 23 of the Postgraduate Institute of Pali and Buddhist Studies Ordinance No. 8 of 1979, enacted under Section 18 of the Universities Act No. 16 of 1978 and Sub-section 107(5) of the Universities Act and the provisions of the National Audit Act No. 19 of 2018. My comments and observations which I consider should be tabled in 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 Institute as at 31 December 2024, 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 Qualified Opinion

My opinion is qualified 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 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 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 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 on 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 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 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.
- 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 Audit Observations on the preparation of Financial Statements

1.5.1 Accounting Deficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	A total of Rs. 306,692 incurred for the fixing of curtains, a name board and the re-fixing of the gate during the year under review had been capitalized to the building account instead of being shown under expenses in the statement of financial performance. As such, building assets and surplus for the year had been overstated by that amount.	Since the addition of vertical blinds to control the light in the newly constructed auditorium was also a capital nature expenditure, It had been capitalized. Further, the VAT amount of Rs.25,332 related to the amount retained for the construction of the main stone name board of the Institute and, since the installation of the gate was a construction undertaken with the expectation of long-term benefits, that value had also been capitalized.	Transactions should be classified and accounted for according to their nature.
(b)	Although the expenditure on the decor project should have been identified as a separate asset and depreciated over its useful life, a sum of Rs. 3,097,801 spent on that project had been capitalized under buildings and depreciated.	Since capital nature expenses were included, it had been capitalized and depreciated under buildings.	Transactions should be classified and accounted for according to their nature.

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

	Reference to Laws, Rules, and Regulations	Non compliance	Comment of the Management	Recommendation
(a)	Paragraph 9.1 (b) of Public Finance Circular No. 01/2020 dated 28 August 2020	An adhoc sub-imprest up to maximum of Rs.100,000 at a time can be given only to staff officers for specific tasks, but advances ranging from Rs.120,300 to Rs.952,959 totalling to Rs.2,722,289, had been given in excess of that limit in 09 instances.	At present, instructions have been given to provide advances in accordance with the circular without exceeding the limits.	Action should be taken as per the circular provisions.
(b)	04 (ii) of Management Services Circular No. 02/2014 dated 11 February 2014	Although an interim research report including progress should be submitted to the Committee for Research Management within 06 months from the date of commencement of a research as per the Action Plan related to the said research proposal, a total research allowances of Rs.5,621,210 had been paid to 12 officers who had not submitted interim research reports.	The observations are correct.	Action should be taken as per the circular provisions.
(c)	University Grants Commission Circular Letter No. 15/2015 dated 17 November 2015	Although it is stipulated that the results should be released within a period of three (03) months from the date of the examinations, the results of the 13 courses conducted in December 2024 had not been released until 01 April 2025, and the results of the 14 examinations	Instructions have been given to the relevant parties to minimize the delay in the year 2025.	Action should be taken as per the circular provisions.

conducted in the academic year 2023 had been delayed for the period of 8 months to 1 ½ years.

2. Financial Review

2.1 Financial Result

The operating result of the year under review was a surplus of Rs. 49,809,583 and the corresponding surplus in the preceding year was of Rs 143,243,767. Therefore, a deterioration amounting to Rs. 93,434,184 of the financial result was observed. The decrease in non-exchange capital income receipts and increase in operating expenses had mainly caused to this deterioration.

2.2 Trend Analysis of Major Income and Expenditure Items

- (a) The total income for the year ended 31 December 2024 was Rs.279,474,144 and the corresponding income for the previous year was Rs. 338,997,253. Total income had decreased by 17.56 per cent compared to the previous year. The decrease in gifts and donations and government capital grants had mainly coursed to this.
- (b) The total expenditure in the year under review was Rs. 229,664,561 and the total expenditure in the year 2023 was Rs. 195,753,486. Accordingly, the total expenditure in the year under review had increased by Rs. 33,911,075 equivalent to 17 per cent compared to the year 2023. The increase in the variance of expenditure in the year under review was mainly due to the increase in personal salaries by Rs. 14,283,549, self-financed course expenses by Rs. 12,480,259, and other expenses by Rs. 2,941,545 within the total expenditure.

3. Operational Review

3.1 Operational Inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	The number of students registered for 06 courses had decreased from 03 to 07 during the year 2024, and it had not been possible to conduct 2 courses due to even a single student had not been applied.	Students will not be enrolled for the Postgraduate Diploma in Buddhist Studies (Sinhala Medium) due to the revision of course criteria. The Pali Certificate (Sinhala Medium) course is also not currently running due to a lack of applications.	Steps to be taken to attract the students to the courses.
(b)	The number of students who sat for the examinations in the year 2024 was less than 40 percent of the number of	It is based that many students who did not sit for the final examination	The examinations should be conducted in the relevant years

	registered students. Although 12 students were registered for the English for Buddhist Studies course for one year in 2024, the relevant examinations had not been conducted during the year.	in the year 2024, will sit for the examination again the following year. Although students had registered for the course of English for Buddhist Studies and followed the course, they had not applied for the examination.	and students should be encouraged to sit .
(c)	Although the Institute awarded 23 research degrees in the year 2023, in comparison, only 07 research degrees had been awarded in the year 2024. That was a 70 percent decline compared to the year 2023.	The completion period of each student's research degree will vary due to the extension of the study period for students registering for research degrees.	Students should be directed towards completing their research degrees during the relevant academic period.

3.2 Procurement Management

	Audit Observation	Comments of the Management	Recommendation
(a)	According to the Procurement Plan of the year 2024, from the estimated cost of Rs. 8,553 million for procurement of furniture and fixtures, laboratory and teaching equipment and office equipment, approximately 20 percent had been spent. Although, the annual estimated expenditure for the procurement of library books was Rs.500,000 a sum of Rs.1,208,277 had been spent on it. It was a 142 percent increase over the estimated cost.	Since government capital expenditure was not approved, only essential goods were procured through Institutional earnings. The library books had been procured from the fund for procurement of library books.	The requirements should be accurately identified and estimates prepared.
(b)	The building where the library of the Institute located was constructed in the year 2022 at a cost of Rs. 583,651,554 and the building was opened for use on 31 January 2024. However, within a very short time after the building was built, rainwater seeped into the building and the walls of the building had cracked in	The construction was suspended due to funds was not received for the second phase of the building, and the water leak was repaired by the contractor. Since there is no construction to cover the wind flow that	All existing deficiencies should be rectified before the retention money is released.

several places and were covered with water slime. This has resulted in damage to the books stored in the library building and although there was a risk in inconvenience to readers, actions had not been taken to inform the contractor in writing about this and do the relevant repairs. A total of Rs.19,673,824 in retention money had been released to the contractor on three occasions from March 2024 to August 2024.

affects the upper floor during rain, the contractor has agreed to cover this with a waterproofing and to repair the cracks of the plaster on a wall. The retentions had been released within the prescribed time frame after receiving the recommendations of the work engineer.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation	Comments of the Management	Recommendation
Out of 12 activities identified in the Action Plan, one activity of Academic Research, had not been achieved. As a result, the objective of improving ability employability, expanding the range of social relationships, and promoting efficiency, along with the promoted moral and spiritual values, had not been achieved during the current year.	The strike that lasted for almost 3 months had an impact on this.	Actions should be taken to identify achievable goals and revise the Action Plan.

4.2 Budgetary Control

Audit Observation	Comments of the Management	Recommendation
When comparing the budgeted information with the actual information, it was observed that although an amount of Rs. 1,006,676 had been estimated for 05 expenditure items, no amount had been spent and an amount of Rs.11,870,935 had been spent for 07 expenditure items which had not been estimated. As an income of Rs. 12,973,241 had also been received from 10 income items which had not been estimated, actions had not been taken to prepare the estimates correctly.	Necessary instructions were given to use the Budget more effectively in the future.	The Budget should be used as a productive tool.