University of Sri Jayewardenepura - 2024

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1. Financial Statements

1.1 Opinion

The audit of the financial statements of the University of Sri Jayewardenepura 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 equity 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 Sub-section 107(5) of the Universities Act, No. 16 of 1978 and the National Audit Act No. 19 of 2018. My comments and observations which I consider should be report to Parliament appear in this report.

The accompanying financial statements give a true and fair view of the financial position of the University 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 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 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.

1.4 Audit Scop

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 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. However, future events or conditions may cause 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 it has performed according to its powers, functions and duties.

- 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 Receivable and Payable

1.5.1 Receivables

Audit Observation	Comments of the Management	Recommendation
Even though a period of 1 to 6 years had elapsed for the total value of the distress loans, staff loans and vehicle loans taken by 23 officers, totalling to Rs.1,851,567 the necessary steps had not been taken to recover the said loan balances.	In cases where the remaining debts of the University Provident Fund balances have to be recovered at the time of leaving the service, resignations, etc., the loan cannot be recovered until the money is released and actions will be taken to properly recover other debts and it is being followed up continuously.	Prompt actions should be taken to recover these balances on time.

1.6 Advances

Audit Observation	Comments of the Management	Recommendation
Actions had not been taken to get settled the capital advances of Rs. 1,764,013 paid to a private institution in the year 2011.	Legal action is being taken in this regard.	Prompt actions should be taken to get settled these balances.

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

Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a) Section 3.1 of Chapter IX of the Establishments Code for the University Grants Commission and Higher Education Institutions	Although every higher education institution should record the arrival and departure times of employees in an attendance register, salaries and allowances of Rs. 3,448,606,465 had been paid for the year under review without confirming the arrival and departure of academic staff.	The salaries have been paid after a certification of employment by the Head of the Department for each academic officer when preparing salaries.	Actions should be taken in accordance with the provisions of the Establishments Code.
(b) Section 571 (2) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Actions had not been taken to settle 62 refundable tender deposits totalling to Rs. 1,301,438 for more than 3 years and 31 tender deposits totalling to Rs. 622,875 for more than 2 years or take into income.	Deposits which should be refunded after 3 years have been recognized as income according to the university's policy and certain deposits are maintained further upon request of the relevant service providers.	Actions should be taken in accordance with Financial Regulations.
(c) Treasury Circular No. 842 dated 19 December 1978	Although a register of fixed asset should be maintained, the University had not acted accordingly. Nevertheless, although a separate software was used for fixed assets, the information such as the cost of the assets removed, accumulated depreciation, depreciation for the year, net book value, etc. had not been included in the software.	Since it is not possible to include all the information in the existing software, it can be provided in future years under the new software and, a register of fixed asset is maintained in each division as per Treasury Circular 842.	Actions should be taken in terms of the Circulars.
(d) National Budget Circular No. 01/2024 dated 10	Even though instructions had been given not to implement programs such as insurance	This is a basic insurance cover only implemented from 2018 with the	-do-

January 2024 Paragraph 11.6	schemes, concessional loan schemes and reimbursement of medical bills using government funds without proper approval, a sum of Rs. 38,228,040 had been paid to an insurance company for an internal employee insurance scheme during the year under review.	approval of the Governing Council under General Finance Circular 06/2019 and University Grants Commission Circular 718. Payments are made through investment interest on funds earned by the University and staff refund for coverage obtained beyond basic insurance coverage.	
(e) University Grants Commission Circular No. UGC/AC/AQ/ Gen dated 07 May 2015	The Lecture Norms Plan for 126 degree courses in 95 Departments of 11 Faculties had not been prepared even by the end of the year.	A Lecture Norms Plan has been prepared for the Faculty of Humanities and Social Sciences and other faculties are advised to prepare one.	-do-
(f) Paragraphs 7.1.4 and 7.1.5 of Public Finance Circular No. 01/2020 dated 28 August 2020	A percentage between 20 - 35 of the income generated from postgraduate courses, research and development activities and consultancy services can be allocated for development activities of the infrastructure of the University and although the funds so allocated should only be remitted to University funds established by a law approved by Parliament, an amount of Rs. 980,460,355 had been credited to 117 non-statutory funds without obtaining formal approval during the current year.	Since the University Fund can be maintained under Section 99 of the Universities Act, it is a statutory fund and the Act authorizes the maintenance of accounts for specific purposes an these funds are accounts and they are under the University Fund and since these funds are statutory funds as well, they have been disclosed in the financial statements.	-do-
(g) Treasury Secretary's letter No. BD/HRD/126/214/19/2023 dated 18	Although the money recovered for breach of agreements and bonds should be remitted to the Treasury	The Academic Establishment Division has been informed to calculate the estimated	-do-

January 2023 and University Grants Commission Circular No. 05/2023 dated 04 July 2023	immediately after recovery, a net amount of Rs.125,321,671, deducting airline ticket costs from the recovered money had not been remitted to the Treasury.	amount expected to be spent on the air tickets for sabbatical leave and actions will also be taken to transfer excess money to the Treasury after retaining the expected expenditure amount as per the estimates.	
(h) Paragraph 03 of Public Finance Circular No. 04/2024 dated 06 November 2024	A certain non-statutory fund shall cease to operate from the date of commencement of the Public Finance Management Act and although those funds should be dissolved within one year from the date of the enactment of that Act, actions had not been taken to dissolve 117 non-statutory funds with a total value of Rs. 2,189,520,268 and credit to the University Fund.	The University Fund is a statutory fund and the accounts are maintained under that fund in accordance with the Section 99 of the Universities Act. The functions of them has been stated in the financial statements and there is no closure of the project accounts and since the University Grants Commission is discussing this with the Treasury, relevant instructions are stipulated to be received in the future.	-do-
(i) Letters of the Director General of the Department of External Resources No. SC&PMU/Grant/19 dated 25 July 2019 and No. SC&PMU/Grant/20 dated 14 August 2020 and Letter of the Ministry of Finance No. ERD/AE/GEN/16 dated 02 October 2020	A sum of Rs. 185,118,451 had been received during the year under review, as foreign research grants on 13 occasions without the awareness and consent of the Department of External Resources.	They have informed that the University will obtain the necessary approvals in accordance with the relevant instructions when receiving these foreign grant funds and it is not necessary to obtain approval from the Department of External Resources for researches.	-do-

2. Financial Review

2.1 Financial Results

The operating result for the year under review was a surplus of Rs. 3,752,499,412, and the corresponding surplus for the preceding year was Rs. 2,715,696,160. Accordingly, an increase of Rs. 1,036,803,252 was observed in the financial result. This increase of recurrent grants by Rs. 849,500,000 and gifts and donations (local/foreign) by Rs. 768,466,573 had mainly contributed this improvement.

2.2 Trend Analysis of Major Income and Expenditure Items

The total income of the university indicates an increase of is Rs. 1,450,246,821 equivalent to 11.98 per cent over the preceding year and the total expenditure had increased by Rs. 413,443,569 equivalent to 4.4 per cent.

3. Operational Review

3.1 Management Inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	Although the University has to incur an annual cost of more than Rs. 10 million for the removal and purification of sewage and wastewater actions had not been taken to install a sewage treatment system to dispose of sewage and wastewater in an environmentally friendly manner.	Since there is a large accumulation of feces and sewage where there are 17,200 students (5,500 staying in hostels full-time) and about 3,000 lecturing staff, such an expense have to be incurred and wastewater treatment systems have been established/are planned to be established at 05 locations to control this.	Actions should be taken to install a sewage treatment system.
(b)	Although providing the necessary practical training to undergraduate students and placing graduate students in employment is a major task that should be covered by the Career Guidance Unit, data and information on students who received practical training and employment under the guidance of	The information on the training sessions held on 02 May 2025 at the Faculty of Applied Sciences and on 20 May 2025 at the Faculty of Technology has been updated.	Actions should be taken to update data and information about students who have received practical training and employment.

the Career Guidance Unit had not been maintained clearly and up-to-date.		

3.2 Underutilized Funds

Audit Observation	Comments of the Management	Recommendation
Research grants of Rs. 22,146,926 received before 2 years had remained in idle without being utilized for the relevant purposes.	When providing these research grants, researches are carried out after a specific time and objectives are given and, the funds are utilized accordingly.	Actions should be taken to use underutilized research funds.

3.3 Defects in Contract Administration

Audit Observation	Comments of the Management	Recommendation
Actions had not been taken to examine the current status of the relevant contracts in connection with retentions totalling to Rs.48,908,053 for 59 contract works related to the period from 2018 to 2020 and to settle them.	The funds retained until 2017 have been taken into the income on the recommendation of the Audit Committee of the University and that the existing retentions will be adjusted to the accounts upon annual examination and determination.	Actions should be taken to settle long-term retentions of contracts. .

4. Accountability and Good Governance

4.1 Annual Report

	Audit Observation	Comments of the Management	Recommendation
(a)	(i) Although details of each Member of the Governing Council of the University should be included in the Annual Report in accordance with Paragraph 2.4 of the Guidelines for Good Governance of Public Enterprises issued under Public Enterprise Circular No.	Actions will be taken to submit when forwarding the Annual Report.	It should adhere to the provisions of the circular.

	01/2021 dated 16 November 2021, such details had not been included.		
	(ii) Although it was stated in Paragraph 3.1 of Chapter 3 that the Annual Reports of at least the last 5 years should be uploaded on the University website, no Annual Report whatsoever of the University had been uploaded on the website.	Actions will be so taken when forwarding the Annual Report.	-do-
(b)	Although, the Annual Reports should include a future projection report based on sustainable development, which may include details of activities undertaken to protect the environment and the mitigation of any negative impact on the environment, and environmental and disaster impact assessments where necessary in accordance with Section 17(d) of the National Audit Act No. 19 of 2018, such a report had not been included in the Annual Report submitted.	Actions will be so taken when forwarding the Annual Report.	-do-

4.2 Corporate Plan

Audit Observation	**Comments of the Management**	**Recommendation**
Although the University is required to prepare a Corporate Plan for a five-year period in accordance with Paragraph 2.3 of the Public Enterprises Circular No. 01/2021 dated 16 November 2021, the Corporate Plan prepared for the period 2021-2025 had not been updated for the year under review.	The Corporate Plan 2021-2025 has been updated in 2023 and the activities on the Corporate Plan for 2026-2030 has been initiated by a committee co-chaired by two expert professors in the field.	It should adhere to the provisions of the circular.