

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Postgraduate Institute of Medical Sciences 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 a 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 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 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'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's 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 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 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 institution'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 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 of the Institute ;
- Whether the Institute has performed according to its powers, functions and duties ; and
- Whether the resources of the Institute had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

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

	Reference to Laws, Rules, Regulations etc.	Non-compliance	Management Comment	Recommendation
(a)	Section 11 of the Finance Act No. 38 of 1971	An excess money of Rs.9,000,000 had been invested during the year under review without obtaining the prior approval of the appropriate Minister and the Minister of Finance.	The approval for these fixed deposits will be taken in a Management Board Meeting held in 2025.	The provisions of the Finance Act should be followed.
(b)	Section 16.5 of Chapter VI of the University Establishments Code.	Although 25 percent of the initial salary of the acting position should be paid when paying the acting allowance for the positions of Assistant Bursar, due to calculation and payment of 25 percent of the current salary received by the officer acting, an excess amount of Rs.286,100 had been paid in January and February of the year under review.	Arrangements will be made to recover the overpayments.	Action should be taken to recover the overpaid salaries from the responsible parties.
(c)	University Grants Commission Internal Circular Letter No. 10/2017 dated 10 July 2017.	Although all the staff should use fingerprint machines to confirm their arrival and departure, the two non-academic staff officers working in the Institute had not	Actions will be taken to purchase a new finger print machine in the future,	Actions should be taken in accordance with the rules and regulations

confirmed their arrival and departure with fingerprint machines and had been paid a sum of Rs.2,283,102 as salary and allowances during the year under review.

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| (d) | University Grants Commission Letter No. UGC/L/2020 dated 18 May 2018 | Although the total number of members of the Board of Management of all postgraduate institutions should be limited to a maximum of 11 members, the composition of the Board of Management of the Postgraduate Institute of Medical Sciences, which was incorporated on 09 September 2019, consisted of 26 members. | That the matter will be brought to the attention of the Board of Directors and appropriate action will be taken. | Action should be taken in accordance with the provisions of the circular. |
| (e) | Postgraduate Institutes of Medical Sciences Regulation No. 03 of 2019 dated 09 September 2019 | | | |
| (i) | Rule 05 | Although 5 years had passed since the approval of the position of Deputy Director of the Institute, a suitable person had not been recruited for the position by the end of the year under review. | The approval of the Department of Management Services for this position was received on 10 December 2024, and action will be taken to recruit after receiving the approval of the Board of Management Committee for recruitment. | The relevant approval should be obtained promptly and action should be taken to recruit. |
| (ii) | Rule 12 | Although courses should be conducted covering the fields of Clinical Sciences, Basic Medical Sciences, Applied Medical Sciences and Health Sciences, non of the courses were initiated by the 02 Boards | Arrangements were made to hold four short courses in 2024, but due to the non-academic staff strike, those courses could not be held. | Necessary arrangements should be made to start the study courses immediately. |

of Clinical Sciences and Health Sciences during the year under review.

2. Financial Review

2.1 Financial Results

The operating results for the reviewed year was a surplus of Rs. 12,124,073, as compared with the corresponding surplus for the preceding year amounting to Rs. 1,781,621. Accordingly, an improvement of Rs. 10,342,452 was observed in the financial results. The increase in government recurrent and capital grant during the year had mainly caused for this.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation	Comment of the Management	Recommendation
Seventeen types of assets totalling to Rs. 7,925,000 that were planned to be purchased as per the approved Procurement Plan for the year under review had not been purchased.	Since the Institute is being operated in a temporary location and only a limited number of employees work within the Institute, and there was no sufficient reserves in the Institute, the purchase of fixed assets had been stopped on the recommendation of the Audit and Management Committee and the Procurement Plan and the Institute's Budget for the year 2024 were revised at the request of the committee	The requirement should be identified correctly and the Procurement Plan should be prepared and approved and purchases should be made accordingly.