

Accelerating Higher Education Expansion and Development Operation Project (Project Component) - 28 June 2024

The audit of wind up financial statements of the Accelerating Higher Education Expansion and Development Operation Project - (Project Component) for the period of six months ended 28 June 2024 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 Article of 4.09(b) of the Loan Agreement No.8743 LK and Financing Agreement No.6026 LK dated 17 July 2017 entered into between the Democratic Socialist Republic of Sri Lanka and International Bank for Reconstruction and Development and the International Development Association. My comments and observations which I consider should be reported to Parliament appear in this report.

1.2 Implementation, Objectives, Funding and Duration of the Project

According to the Loan and Financing Agreements, the Ministry of Higher Education and Highways, presently the Ministry of Education is the Executing Agency and the State Universities, Sri Lanka Institute of Advanced Technological Education, Advanced Technological Institute and Non - State Higher Education Institutes approved by the Ministry and UGC are the Implementing Agencies of the Project.

The objectives of the Project are to increase enrolment in the State Universities, Sri Lanka Institute of Advanced Technological Education, Advanced Technological Institute and Non - State Higher Education Institutions in the priority disciplines (Science, Technology, Engineering, Medicine), improve the quality of degree programs and promote research and innovations in the higher education sector.

As per the Loan and Financing Agreements, the estimated total cost of the Project was US\$ 100 million equivalent to Rs.18,136 million was agreed to be financed by International Development Association.

The Project had commenced its activities on 01 March 2018 and completed in 28 June 2024.

1.3 Opinion

In my opinion, the accompanying wind up financial statements give a true and fair view of the financial position of the Project as at 28 June 2024, statement of financial performance and its cash flows for the six months then ended in accordance with Generally Accepted Accounting Principles.

1.4 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 wind up 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.

1.5 Responsibilities of management and those charged with governance for the wind up Financial Statements

Management is responsible for the preparation of wind up financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and for such internal control as management determine is necessary to enable the preparation of wind up financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

1.6 Auditor's Responsibilities for the audit of the Wind up Financial Statements

My objective is to obtain reasonable assurance about whether the wind up 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 wind up 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 wind up 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 internal control of the Project.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the wind up financial statements, including the disclosures, and whether the wind up financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Physical Performance

2.1 Contract Administration

Audit Issue	Response of the Management	Auditor's Recommendation
Contract awarded out of donation received from AHEAD project to construct the building and related structure for Faculty Of Engineering Technology of University of Jaffna at contract value of Rs.432,400,031 on 15 December 2021. As per the agreement, the construction should be completed on June 2023 and it was extended until 31 December 2023 and 31 March 2024. However, it was observed that construction had not been completed as at 31 March 2024 and 40 per cent of works had only been completed as at 31 March 2024.	Accepted with the matter	Action should be taken to complete the works as planned to achieve project objectives