

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Bhikku University of Sri Lanka for the year ended 31 December 2025 comprising the Statement of Financial Position as at 31 December 2025 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 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 2025, 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 e Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under those standards are further described in the Auditor's responsibility for the audit of the financial statements section in 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 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 Sub-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 Auditor's Responsibility 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 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 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 Audit 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 Audit 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 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 Audit Observations on the Preparation of Financial Statements

1.5.1 Non-compliance to Laws, Rules, Regulations and Management Decisions etc.

	Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a)	Section 7.4 of the Establishment Code for the University Grants Commission and Higher Educational Institutions	Although formal approval from the Treasury should be obtained of the provisions of the Establishment Code are to supersede the circular provisions of the University Grants Commission, payable water and electricity charges amounting to Rs. 320,134 for the Registrar's official residence occupied during the period from October 2023 to December 2024 were cut-off in the year 2025 without obtaining formal approval.	Due to notification was not informed regarding the payment of water and electricity charges at the time of handing over the official residence or after that by the former Registrar of the university and due to reasons that water and electricity charges had not been recovered from the Registrars who had occupied the official residence up to that and actions had not been taken to recover such charges separately from any officers who are occupied official residences or hostels, actions had not been taken to recover water and electricity charges for the period from 11 October 2023 to 11 January 2025,	Occupants of official residences are required to pay water and electricity charges in accordance with the provisions of the Establishment Code and the circulars of the University Grants Commission.

which was the period of official residence had been used by the former Registrar. Furthermore, actions have been taken to recover water and electricity charges from August 2025 from all officers who are occupied official residences or hostels.

- | | | |
|---|---|---|
| <p>(b) Section I of the Paragraph 4 of University Grants Commission Circular No. 01/2022 dated 03 January 2022.</p> | <p>The survey of library books for the year 2025 had not been conducted by 20 April 2026 and according to the survey of library books in the year 2024, 213 library books had been misplaced.</p> | <p>(i) It had been taken a period between 13 to 15 months for the annual census from approval of the Governing Council to submit the final report to the Governing Council and obtain approval for the implementation of the recommendations.</p> <p>According to the provisions of the circular of the University Grants Commission, an annual investigation of books should be conducted to identify misplaced library books and to take necessary remedial actions without delay to prevent such situations.</p> |
| | | <p>(ii) The books, which had not been included in the Accession Register, have been entered into the Accession Register and it was observed that a significant number of these books had in a formal disposal process.</p> |

2. Financial Review

2.1 Financial Results

The operating result of the year under review was a surplus of Rs. 158,266,028 and the surplus in the preceding year as corresponded to that was Rs. 3,531,611. Accordingly, an improvement of Rs. 154,734,417 of the financial result was observed. The increase in Treasury Provisions by Rs. 198,623,943 had mainly caused for this improvement.

2.2 Ratio Analysis

The current assets ratio was 2.84:1 in the previous year and it had declined as 1.92:1 in the year under review. The quick assets ratio increased from 1.29:1 to 1.58:1.

3. Operational Review

3.1 Idle or Under-utilized Assets

Audit Observation	Comment of the Management	Recommendation
Although a student hostel had been constructed at an expenditure of Rs. 80,843,406 with the aim of providing residential facilities for 25 foreign student monks, due to failure to formulate a suitable mechanism for recruiting foreign student monks and failure to conduct a feasibility study prior to the construction of this student hostel, 56 percent out of the total rooms of hostel was remained idle.	Actions are being taken to attract foreign students to the University.	Necessary actions should be taken to fully utilize the student hostel.

4. Accountability and Good Governance

4.1 Effectiveness of the Management Information System

Audit Observation	Comment of the Management	Recommendation
Due to the work on the Information Technology System about the Resource Management (ERP) valued at Rs. 8 million, which should be completed by 31 May 2018, had not been completed even by 31 December 2025, the University had failed to fulfil the expected benefits from the Rs.	The defects reported by the Information Officer of the National Science Foundation who was appointed on 16 October 2025 to analyse this system, had been informed to the relevant institutions, accordingly, actions had been taken to rectify those defects, the duties in many	Actions should be taken to complete the work under the contract in accordance with the agreement.

4,000,000 spent on the project by the end of the year under review.

divisions were done by the ERP system, actions have been taken to identify any defects that arise and report them to the relevant institutions and representatives of the relevant institution have verbally informed that the works will be completed immediately and handed over to the University.