

**1.1 Opinion**

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The audit of financial statements of Wayamba University of Sri Lanka for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance, statement of equity changes and cash flow statement for the year then ended, and relevant notes to the financial statements, including the summary of significant accounting policies, was carried out under my direction in pursuance of Provisions Article 154 (1) of Constitution of Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the sub section 107 (5) of the University Act No 19 of 2018 and the National Audit Act, No 19 of 2018. My comments and observations which I consider should be presented in the Parliament appear in this Report.

In my opinion, the financial statements give a true and fair view of the Financial position of the Wayamba University of, Sri Lanka as at 31 December 2020, and of its Financial performance and its cash flow for the year ended in accordance with Sri Lanka Public Sector Accounting Standards.

**1.2 Basis for Opinion**

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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**

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Management is responsible for the preparation of Financial Statements that gives a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as the management determine is necessary to enable the preparation of Financial Statements that are free from material misstatements, 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 intends 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 Responsibility of Auditor on audit of Financial Statements

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My objective is to provide a fair assurance on the financial statements that they are free from material misstatements whether due to fraud or error as a whole and to issue the Auditor's Report comprising my opinion. Although fair assurance is a high quality assurance, it does not confirm that it would always expose quantitative misstatements when auditing is implemented in accordance with Sri Lanka Audit Standards. It is expected that individual or collective impact of fraud or error may result in material misstatements and it may have an effect on the decisions taken by the users based on 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 University'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 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 the University 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 Institute
- Whether the University has performed according to its powers, functions and duties; and
- Whether the resources of the University 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**

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### **1.5.1 Accounts Payable**

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<b>Audit Observations</b>	<b>Comments of Management</b>	<b>Recommendation</b>
The total value of bills submitted in respect of 22 construction projects in 2019 amounting to Rs. 32,200,139 had not been paid even till the end of the year under review.	Two projects out of 22 have been paid in the first half of the year 2021 and 4 projects have not been paid due the work engineer had not recommend to pay until the construction defects are rectified, and no payment was made due to non-payment of the final bill of the project.  The bills of remaining 16 projects are being checked by the Maintenance Division.	Arrangements should be made to make payments without delay.

## **2 Financial Review**

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### **2.1 Financial Results**

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The operating results of the year under review had been a deficit of Rs. 68,492,160 as compared with the corresponding deficit of the preceding year amounting to Rs. 205,5025,778. Accordingly, an improvement of Rs.137,010,618 was observed in the financial results. Increase in the government recurrent grant, decrease in the contractual services, maintenance and Mahapola schorship expenditure had mainly attributed for this improvement.

### 3. Operational Review

#### 3.1 Management inefficiencies

The following observations are made.

Audit Observations	Comments of Management	Recommendation
(a) Provitios given by the General Treasury for the procurement of Land, buildings and IT equipment for the university during the year under review amounting to Rs. 13.5 million had not been utilized for the expected activities even by the end of the year under review.	Procurement activities for the purchase were started in the second half of the 2020. Accordingly, other works are in progress.	The procurement plan should be followed.
(b) Even though a total sum of Rs. 17,513,750 had been paid in 2013 and 2016 respectively to the Divisional Secretaries of Pannala and Kuliypitiya for the acquisition of lands for the University, the lands had not been acquired even by the end of the year under review.	The Divisional Secretary of Kuliypitiya West has filed a case in the Kuliypitiya District Court to establish the ownership of the land under the Land Acquisition Act and the land could not be acquired until the end of the case. A gazette notification has been issued under Section V of the Land Acquisition Act and the land acquisition process is being carried out by the Divisional Secretariat of Pannala.	Land acquisition should be done immediately.

### 3.2 Operational Inefficiencies

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<b>Audit Observation</b>	<b>Comments of Management</b>	<b>Recommendation</b>
----- Total amount due to 03 suppliers remaining for more than one year amounting to Rs.11,062,012 had not been settled even by the end of the year under review.	----- Discussions are being conducted with the relevant institutions to rectify the existing deficiencies for the relevant activities and payments will be done after resolving those issues.	----- Action should be taken to complete the deficiencies.

### 3.3 Under Utilized Funds

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<b>Audit Observation</b>	<b>Comments of Management</b>	<b>Recommendation</b>
----- Even though a sum of Rs. 3,437,160 was given by the United Nations Food and Agriculture Organization for the "The Assessment of water and sediment quality and associated sea urchin of the gulf of manner coastline" project in the years 2014 and 2016, only a sum of Rs. 1,170,721 was spent. The relevant project had not been completed even by 31 December of the year under review and a sum of Rs. 2,266,439 had been remained underutilize for more than 4 years.	----- A budget had been prepared by the Lecturer in charge of the relevant project for the balance amount provided by the Food and Agriculture Organization of the United Nations and it will be submitted to the next Finance Committee after obtaining the approval of the Food and Agriculture Organization of the United Nations.	----- Action should be taken to achieve the desired objective of the project.

### 3.4 Idle or under utilized Properties, Plants and Machineries

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<b>Audit Observations</b>	<b>Comments of Management</b>	<b>Recommendation</b>
Four official quarters constructed at Kuliyaipitiya and Makandura premises at a cost of Rs. Rs.41,825,013 had not been utilized from the year 2019 till 17 February 2021 remained idle, by the audit date.	The delay was due to some changes to be done in the kitchens of some of the houses and the delay in commencement of the purchase of the relevant furniture.	Action should be taken to use after completing deficiencies.

### 3.5 Delays in Projects and Capital Works

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<b>Audit Observations</b>	<b>Comments of Management</b>	<b>Recommendation</b>
Even though a sum of Rs. 4,293,155 had been paid on 16 January 2020 to the Ceylon electricity Board for the supply of bulk electricity to the hostel complex of the Medical Faculty of the North Western University, the work had not been completed even by the end of the year.	Although payment had been made to the Electricity Board to obtain a transformer for the medical faculty hostel complex, this work could not be completed during the year under review as expected.	Work should be completed to achieve the desired objective.