

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the University of Visual performing Arts for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 summary of significant accounting policies, was carried out under my direction in pursuance of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka and National Audit Act No. 19 of 2018 read in conjunction with the provisions of sub section 107 (5) of the University Act No 16 of 1978. Comments and observations, which I consider should be submitted 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 Visual performing Arts as at 31 December 2021, 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 intends 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 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 of the University.

1.4 Auditor's Responsibility on 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 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. 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 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 board of the University;
- 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 Receivable and Payable Accounts

1.5.1 Accounts Receivable

Audit Observation	Comments of the Management	Recommendation
It was unable to recover a total amount of Rs. 657,304 due from 4 officers who vacate the service three years ago even by the end of the year under review.	Action will be taken to recover the respective loans in the release of their provident funds.	Action should be taken to recover dues immediately.

1.5.2 Accounts Payable

Audit Observation	Comments of the Management	Recommendation
Retention deposits total amounting to Rs. 60,557,890 deposited by various parties in 41 occasions from the year 2011 to the year 2018 were not settled even by 31 December of the year under review.	It was informed that necessary settlements are being made.	Action should be taken to settle immediately.

1.6 Non-compliance to Laws, Rules, Regulations and Management Decisions

Reference to laws, rules, regulations	Non compliance	Comments of the Management	Recommendation
Guidelines 5.6.1 (a) and 7.10.1 (b) of the Government	Bids were called without including all the necessary specifications	The supplier was unable to import curtains due to the	Procurements should be made in accordance with the

Procurement Guidelines for the curtains of the 5-storied building and the contract was awarded at a contract value of Rs.1,368,770. However, since the procurement was offered without confirming the availability of sufficient stock of the sample fabric presented by the selected bidder, the curtains were made with a fabric inferior to the sample fabric.

strong situation of the Covid epidemic in the island and had to choose samples from another type. Further, the bids opening had to be postponed as only a few employees were reported to work in the university on those days.

provisions of the Procurement Guidelines.

2. Financial Review

2.1 Financial results

The operating result of the year under review amounted to a surplus of Rs. 106,005,357 and the corresponding deficit in the preceding year amounted to Rs. 64,725,054 thus observing an improvement of Rs.170,730,411 in the financial result. The major reasons for this improvement were the increase in the government grant by Rs, 50,000,000 and over provision for gratuity by RS. 62,698,940 compared to the 2020.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
-----	-----	-----
The legal acquisition of 03 plots of land with an assessment value of Rs.1,022,650,000 included in the financial statements was unable to complete even from the year 2011 to 31 December of the year under review.	Acquisition works are in progress.	Acquisition works should be done immediately.

4 Accountability and Good Governance

4.1 Annual Action Plan

Audit observation	Comment of the Management	Recommendation
Out of the 355 activities identified in the action plan for the year under review, 136 activities that were implemented but was not reached their goals and 100 activities that were not implemented.	It was not possible to proceed as expected due to the Covid epidemic situation and the delay in receiving financial allocations.	Targets and Goals should be accomplished in a timely and efficient manner.