

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the National Centre for Advanced Studies in Humanities and Social Science 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 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 Sections 107, 111 of the Universities Act, No.16 of 1978 and Section 26 of the Humanities and Social Science Regulations, No. 02 of 2005. 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.

The accompanying financial statements give a true and fair view of the financial position of the Centre 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 Centre'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 Centre or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Centre 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.

1.4 Audit Scope

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 the Centre on 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 Centre'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 to cease to continue as a going concern.
- Evaluate the 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 Centre and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Centre has complied with applicable written law, or other general or special directions issued by the governing body of the Centre,
- 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.

2. Financial Review

2.1 Financial Result

The operating result for the year under review was a surplus of Rs.16, 184,771 and the corresponding surplus for the preceding year was Rs. 24,329,085. Accordingly, a deterioration of Rs. 8,144,314 was observed in the financial result. The decrease in other income from foreign exchange transactions by Rs.2, 133,622 and the increase in human resource development expenditure by Rs.12, 507,605 compared to the preceding year had mainly caused to this deterioration.

3. Operational Review

3.1 Management Inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	Actions had not been taken to recover a sum of Rs. 77,708,207 receivable as at 31 December 2024 from 27 postgraduate grantees who breached bonds between 2005 and 2019.	Actions are being taken for the reimbursement of funds paid to grantees.	Arrangements should be made according to the Guidelines for the Postgraduate Grant Scheme.

<p>(b) Actions had not been taken to settle the amount of Rs.313,000 of 19 applicants who paid for the courses in the year 2020 and did not participate in them until the end of the year under review.</p>	<p>This amount is the fee for a course proposed to be conducted online by NCAS and since it was focused on studying with computer laboratory facilities, that amount has been recorded as deferred income and should be paid when they request the money or, if the course is conducted at the institutional level, they should be get participated in the course with prior notice.</p>	<p>Actions should be taken to settle the money collected from applicants.</p>
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4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation	Comments of the Management	Recommendation
<p>(a) Improving the capacity of the administrative staff of the university system and other professional institutions, which is the 6th goal of the 2024-2028 Corporate Plan had been removed from the revised Annual Action Plan 2024.</p>	<p>Since the very limited amount of human resources and the need to focus more on the promotion of academic staff, which is the primary goal of the institution, it was decided to remove this 6th goal.</p>	<p>Actions should be taken to achieve the goals established to achieve the Vision and Mission of the organization.</p>
<p>(b) Although 18 short course awareness workshops were planned and conducted to train and encourage university lecturers and interested academic/professional graduates for</p>	<p>Due to the ongoing strike by university non-academic and executive officers, inability to attend workshops due to having to perform</p>	<p>Actions should be taken to achieve the desired goal.</p>

research activities, the Centre had failed to implement 14 of them as expected.

excess service duties and due to the renovation work of the institution, courses, workshops, etc. could not be held as expected.

- (c) Although it was planned to hold 03 programmes with the participation of 75 candidates for language proficiency and personality development, sufficient actions had not been taken to hold those programmes even by the end of 2024.

The programme was difficult to implement due to the inability to acquire adequate infrastructure facilities.

Activities should be planned to be able to achieve goals under existing qualifications.