

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the Buddhist and Pali University of Sri Lanka 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 provisions of the Section 38 of the Sri Lanka Buddhist and Pali University Act No. 74 of 1981 and the National Audit Act No. 19 of 2018. My Comments and observations which I consider should be submitted to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the University 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 Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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 qualified 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 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 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.

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 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 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 with the Sri Lanka Public Sector Accounting Standards

Non-compliance with reference to relevant standard	Comment of the Management	Recommendation
Although the provisions of paragraphs 12 to 19 of Sri Lanka Public Sector Accounting Standards 11 require that the revenue or stipulations/conditions or restrictions arising from non-exchange transactions should be identified and accounted, contrary to that, a sum of Rs.3,636,091 received during the year under review and Rs.4,209,053 received during the previous year as government grants had been accounted for as unspent capital grants instead of adjusting in the financial performance statement of the relevant year.	Government capital grant will be provided only for the acquisition of relevant capital assets, and unspent capital grant cannot be recognized as a revenue if the conditions for recognition as an asset are not satisfied.	Action should be taken according to Standard.

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Due to the over provision for depreciation for graduation cloaks of Rs.523,267 in the year 2023, the accumulated surplus and revaluation profit had been understated and overstated respectively by that amount in the financial statements, because of the failure to correct the increase in revaluation surplus arising from the revaluation of graduation cloaks.	Action will be taken to rectify in the year 2025.	Financial statements should be prepared and presented accurately.

- (b) Advances of Rs.2,062,500 paid for the procurement of furniture and equipment in the year 2022 had been incorrectly recognized as an asset in that year. In the revaluation of that class of assets in December 2022 the revaluation surplus was understated by that amount due to the advance had not been removed as such. In receiving of the relevant furniture worth of Rs.4,743,750 to the institution in the year 2023, only the value of Rs.2,681,250 paid after deducting the advance had been recognized as an asset, as such, the asset account had been understated by Rs.2,062,500 .
- Action will be taken to rectify in the year 2025. -do-

1.6 Accounts Receivables and payables

1.6.1 Accounts Payables

Audit Observation	Comments of the Management	Recommendation
Out of the balance of Rs. 1,880,425 shown under various creditors, the Mahapola scholarship amount of Rs. 1,176,625 for the years 2020 and 2021 had not been paid to the relevant students or remitted to the Treasury.	Information regarding this will be obtained from the Mahapola Scholarship Trust Fund and expected to take action accordingly.	Action should be taken promptly to pay the relevant students or remit to the Treasury.

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non Compliance	Comment of the Management	Recommendation
(a) Chapter XXII of the Sub-section 18.3 and Chapter XXII of the Section 20.1 of the Establishment Code for the University Grants Commission and Higher Educational Institutions dated 26 August 1997.	A formal disciplinary investigation should be completed within 06 months of its initiation, and if a person had been interdicted, the disciplinary investigation against him should be concluded without delay. However, four years had passed since the charge sheet was filed against a Lecturer	The preliminary investigation will be completed by 25 February 2025, and the report is scheduled to be submitted to the university. Accordingly, disciplinary action will be taken based on its recommendations.	Actions should be taken as per the circulars.

Thero, the University had failed to complete the disciplinary investigation and issue a disciplinary order. Although he should not be allowed to leave the island without the consent of the disciplinary authority while disciplinary proceedings are being carried out, this monk, who was temporarily suspended from service, had departed the island for 16 days without obtaining the approval of the disciplinary authorities.

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| (b) | Sections 570, 571 (1) and (2) of the Finance Regulations of the Democratic Socialist Republic of Sri Lanka | Action had not been taken in accordance with the Financial Regulations regarding the hostel and library deposits amounting to Rs.5,894,610 as at 31 December of the year under review, which were more than 02 years. | A policy regarding unclaimed deposits will be prepared, and will be taken to the revenue after receiving the approval. | Financial Regulations should be followed. |
| (c) | Paragraphs 7.1.4 and 7.1.5 of the Public Finance Circular No. 01/2020 dated 28 August 2020, | A sum of Rs.3,041,003 of the income received from postgraduate courses, research and development activities and consultancy services had been transferred to the Mahopadhya Fund without formal approval during the year under review. | According to Section 17 of the Sri Lanka Buddhist and Pali Universities Act No. 74 of 1981, the University has been vested with the powers to bearing funds, control and administering, and accordingly, those funds had been established on the approval of the Governing Council at various period. | Action should be taken as per the circular. |
| (d) | Paragraph 04 (ii) of Management Services Circular No. 02/2014 dated 11 February 2014 | Research allowances of Rs. 21,430,312 had been paid to 54 lecturers during the year under review, who did not submit an interim research report including | The Academic Research Committee met four and five times in the year 2023 and 2024 respectively to discuss research progress, and | -do- |

	progress within 06 months from the date of commencement of a research as per the Action Plan.	was satisfied that sufficient progress had been made to continue each research project.	
(e) Paragraph 1 (i) of the University Grants Commission Establishment Circular 9/2019 dated 25 November 2019	Although it was informed that 10 per cent of the basic salary should be deducted when giving a house on rent basis owned by the University, only Rs.1,000 per month from academic and non-academic staff members and Rs.800 from junior employees had been charged for the houses provided by the Buddhist and Pali University of Sri Lanka.	Since the space in the lecturers' houses is very limited, there are no facilities to charge 10 per cent of the salary. In addition to the Rs.1,000 charged for a unit, separate water and electricity meters had been installed and charged from the salary on a monthly basis for the amount used. Some of the oldest buildings had been renovated and given to junior employees, and an amount of Rs. 800 is charged from each person for water and electricity only. Action will be taken to assess these buildings and divide the value of the buildings among the lecturers and junior employees residing there in the future.	-do-

2. Financial Review

2.1 Financial Result

The operating result of the year under review was a deficit of Rs.40,594,825 and the corresponding surplus in the preceding year amounted was Rs.2,519,743. Therefore a deterioration amounted to Rs.43,114,568 of the financial result was observed. The increase in recurrent expenditure by Rs.38,493,006 and increase in depreciation by Rs.28,320,757 had mainly caused to this deterioration.

2.2 Trend Analysis of major Income and Expenditure items

The previous year total income of Rs.651,850,054 had increased up to Rs.675,549,248 in the year under review by 3.63 per cent. Thus the income earned by the University in the previous year and in the year under review were Rs. 136,980,700 and Rs.124,736,179 respectively, the income earned in the year under review had decreased by Rs.12,244,527 equivalent to 8.94 per cent compared to the previous year.

Thus the total expenditure of the University in the previous year and the year under review were Rs.560,193,311 and Rs.598,686,317 respectively, the expenditure had increased by 6.87 per cent in the year under review as compared to the previous year.

2.3 Ratio Analysis

The current ratio and the quick ratio in the year under review were 1.33 :1 and 1.25: 1 respectively, and those ratios in the previous year were 1.12 :1 and 1.04: 1 respectively.

3. Operational Review

3.1 Management Inefficiencies

	Audit Observation	Comments of the Management	Recommendation
(a)	Research allowances had been taken by 43 officers in the year 2023 and issuing the final research reports had been delayed for a period of 3 to 10 months. Although 42 researchers had agreed to complete researches worth of Rs.17,944,759, within a period of one year in the year 2023, with the approval of the Research Committee but had not been completed, a sum of Rs.17,017,306 had been paid as research allowances to those officers for new research proposals during the year under review.	The final reports had been submitted by now by all officers whose research period ends by 31 December 2024.	Research reports should be submitted within the stipulated time and action should be taken to not to pay research allowances to officers who do not submit the reports.
(b)	A false certificate was issued to a candidate who had appeared in the English Diploma Examination (EDSL 05) Speaking and Listening paper in 2019 and 2021 conducted by the Centre for Postgraduate and External Examination Studies, in a case where the examination admission card had not been issued to a candidate who had failed in the year 2018 and the invigilator had mentioned that he had "not been present" at the designated place in the attendance register taken when appearing for the examination.	This candidate had not appeared for the Speaking and Listening (EDSL 05) question paper in the year 2018 and had failed it in the year 2019 after getting 12 marks. The supervisor of the examination hall had also mentioned that he was "absent" at the designated place on the attendance register taken for the question paper, but the candidate had signed at the top of the same signature register.	Investigations should be conducted and the responsible officials should be identified and appropriate action should be taken further.
(c)	Students with qualifications lower than those stated in the newspaper advertisement had been enrolled in the courses conducted by the University, such as the Higher Certificate Course in Tamil Language, the Diploma in	Although the marks in the grading test, taking into account speaking skills and knowledge in the Tamil language interview, were less than 70, those	The qualifications of students enrolled in courses should be reviewed and action should be

Tamil Language, the Higher Diploma Course in English and the Certificate Course in English.

students had diploma certificates from other institutions for the Higher Diploma in English course and the students who showed speaking skills in the interview had also be registered for the continuation the course and that there were not enough students for the English Certificate course.

taken to make recruitment transparently.

3.2 Deficiencies in Contract Administration

	Audit Observation	Comments of the Management	Recommendation
(a)	The University had entered into an agreement with a private contracting company on 17 October 2019 for the construction of a five storied building for the External Examination Unit of the University at a cost of Rs. 252,327,545 (excluding VAT), and the construction should have been completed within a year. The Governing Council had decided to terminate the agreement on 01 July 2022, due to the significant time taken to obtain approvals for the construction activities and the contractor not commencing construction works on the building due to the adverse economic situation at the time. Accordingly, by the time the agreement was terminated, the cost of Rs.11,725,461 paid to the contractor for the completion of the initial work had become a useless expenditure.	Since the construction works of the relevant project is currently being carried out, the amount is not a useless expenditure and since provisions were allocated for the relevant building at the Cabinet meeting held on 03 February 2025, the relevant procurement activities and bid evaluation committee has been appointed and further activities are being carried out.	Action should be taken to expedite the necessary measures for the construction of the proposed building.
(b)	(i) The contract for the construction of a hostel building with an estimated value of Rs.190,135,000 (excluding VAT) to provide hostel facilities for 200 foreign students was signed on 11 October 2019 and was to be completed by 30 August 2022 after being extended in two occasions. A sum of Rs.148,336,250 had been spent on the	As per the instructions given at the discussion held at the Ministry of Education on 23 January 2024, it was decided to proceed with the other construction works in a phased manner following the procurement methods,	Necessary actions should be taken to complete the construction of this building and provide hostel facilities for students.

building by May 2022 and about 75 percent of the physical progress is achieved, the construction works had been stopped midway. The remaining amount approved in the year 2019 for this construction had been awarded to a contractor at a cost of Rs.40,540,977+ (VAT) for the completion of the third floor of the building by 15 July 2025. Although the construction of those floors had been completed by July 2025, action had not been taken to provide hostel facilities for any students.

using the remaining provisions allocated for this building. Accordingly, construction of the third floor had been commenced by August 2024 and its work is in its final stages, and the construction of the third floor had been completed by the end of May 2025. It was also stated that the provisions for the remaining activities of the project had been allocated at the Cabinet meeting held on 03 February 2025 and accordingly, procurement activities related to the future activities of the project are currently being carried out.

(ii) Although such a project was initiated at a high cost targeting foreign students, due to the insufficient promotional activities required to increase the enrolment of foreign students to a quantitative level, only 18, 15, 36 and 07 foreign students were able to be recruited for degrees (general/special) in the years 2021, 2022, 2023 and 2024 respectively.

There are 80 foreign students in the University for the four years, and the notice of student enrolment for the 2024/2025 academic year had been sent to embassies via email on 02 October 2024.

Necessary actions should be taken to increase the enrolment of foreign students.

(c) Contracts for the accounting software system project, submitted by the Arthur C. Clarke Center at a cost of Rs.3,000,000 had been signed on 01 December 2022. As stated in the agreement, although a period of 8 months had been allocated for the design and development of 08 modules installation and testing and, system commissioning and training by 31 December 2024, approximately 17 months had passed since that period, but 6 of the modules had not been completed and action had not been taken to hand over to the University.

The salary module has currently been developed and is being parallel run. The time frame for completion of the modules such as debtors, creditors, stores/fixed assets, investment and fund management, and budget and monitoring will be obtained from the software development company.

The accounting software system should be developed as required and action should be taken to use for the intended purposes.

3.3 Human Resources Management

Audit Observation

The University had taken the services of external lecturers due to the vacancies in 23 academic staff posts at the end of the year under review, and had spent a sum of Rs.11,296,791 as allowances for external lecturers during the year under review alone. That expenditure had increased by 73.8 percent compared to the previous year. Forty four percent of the lecture hours in the Faculty of Language Studies and 44 percent of the lecture hours in the Faculty of Buddhist Studies had been covered by external lecturers.

Comments of the Recommendation Management

Action will be taken to recruit academic staff for existing vacant positions, and it will be possible to further minimize the use of external lecturers in the future.

The vacancies should be filled, and action should be taken to reduce the costs incurred for obtaining services of external lecturers by the University

4. Accountability and Good Governance

4.1 Annual Report

Audit Observation

- (a) (i) Although according to Section 2.4 of the Guidelines for Good Governance of Public Enterprises, Public Enterprises Circular No. 01/2021 dated November 16, 2021, although information about each member of the Governing Council of the University should be included in the Annual Report, such information had not been included in the Annual Report submitted by the University.

- (ii) Although Annexure III was introduced by the above circular as a guideline for institutions in preparing the Annual Report, the Annual Report prepared by the University had not been presented according to the format.

Comments of the Management

Since this is the draft of the Annual Report of the year 2024, although the names and relevant positions of the Governing Council members have been included, the full details of the Governing Council members will be included in the full Annual Report to be prepared in all three languages.

According to the circular, the relevant reports will be submitted in the full Annual Report to be prepared in all three languages, as stated in the relevant format.

Recommendation

Action should be taken in accordance with the circulars.

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