Accounting and Auditing Education and Practices in Sri Lanka - 2021

Accounting and Auditing Education and Practices
in
Sri Lanka - 2021

By

Lakshman Athukorala

The Council

President	M Jayesinghe FCA, FCMA, CPFA(UK)
Vice President	S M S S Bandara FCA, MBA, BSc (Accy.) Sp.
Members	W W J C Perera FCA, BSc (B.Admn), CFE
	H Kuruppu FCA, BSc(Accy.), Sp Hons, MBA, MEF, ASCMA
	Tishan Subasinghe FCA, MBA (Finance) (Col.), CISA-USA, ACMA
	H C D Kumarasiri FCA, FMAAT, ACMA, FCCA, MBA (Finance) (Col.), B.Sc. (Accy.) Sp. 1st Class (Sri J' Pura)
	W N C Cooray (Ms) FCA, MBA, B.Sc. (Accy.) Sp. 1st Class, ACMA, FCMA(GMA), CPA(Aus), MCPM
	Anoji de Silva (Ms) FCA
	Saman Siri Lal FCA, MBA(USQ), FCMA, FMAAT, ACMA
	Jayampathi Molligoda FCA, FSCMA,MBA
	C Kalupahana FCA, FMAAT, FCPM
	M C Pietersz (Ms.) FCA, MBA, BSc(Hons)
	Ashane J.W.Jayasekara FCA, B.Sc (Hons), MBA(USQ), CIA, CFSA, FCMA(UK), FBCS(UK).
	Mahendra Jayasekera FCA, B.Sc (Hons)
	S Shanmuganathan FCA, FCMA(UK)
	W.P.C. Wickramaratne FCA, B.Com (Hon) Sp, ASCMA, FFA (UK)
CEO	Dulani Fernando (Ms)
Secretary	Shashika Ruwanmali (Ms)

Technical Staff

Senior Manager – Technical	Nilangi Dilrukshi (Ms)
Technical Managers	Saumya Madhubashini (Ms)
	Shakthi Karunananthan (Ms)
	Ameena Anver (Ms)
	Madushanika Padukkage (Ms)
	Malinga De Silva
Coordinators	Ishvi Sherieff
	Buddhini Chandrasena (Ms)
	Chavindu Mayantha
Secretary	Thanuja Kuruppu (Ms)

FOREWORD

Accounting and auditing professions play a significant supporting role to build an environment of trust that allows businesses to flourish. At the outset, the accounting and auditing profession in the country has evolved over the past years and several institutions actively engage in providing professional and academic infrastructure with legal and regulatory support.

This study provides situational reporting on the Accounting and Auditing Education and Practices in Sri Lanka. It lays out insights on the history of the profession, professional and academic infrastructure, legal and regulatory environment, the adoption process of accounting and auditing standards in both private and public sectors, quality assurance, and ethical aspects governing the profession. Further, it sheds light on accounting education, research studies, and the use of technology in the profession, and evolving concepts in the financial reporting arena.

I'm certain that this publication will be well received by professionals and academia as a key contribution to the development of the accountancy profession. This report will be of immense help to young learners who seek to choose accountancy as their career path. Likewise, the report will provide important information to those who are involved in providing accounting and auditing education in guiding their students. Finally, the report will guide the community at large in obtaining an understanding of the accounting profession in Sri Lanka.

I take this opportunity to congratulate and thank the lead writer, Mr. Lakshman Athukorala the former Advisor to CA Sri Lanka for taking this initiative and for his accomplishments in completing this report. The research assistance for the study was provided by the technical staff of CA Sri Lanka i.e. Ms. Nilangi Dilrukshi, Ms. Saumya Madhubashini, Ms. Shakthi Karunananthan, Ms. Ameena Anver, Ms. Madushanika Padukkage, and Mr. Thilan Malinga. I thank all of them for their valuable contributions. Further, CA Sri Lanka is truly grateful to the numerous officials and agencies that gave of their valuable time and made materials available during the research.

For further assistance, please visit the website of CA Sri Lanka at www.casrilanka.org or contact the Technical Directorate of CA Sri Lanka on +94(0)112352000.

Manil Jayesinghe
President
The Institute of Chartered Accountants of Sri Lanka

11 Aug 2021

ABBREVIATIONS

A&A Act	Accounting and Auditing Standards Act
AATSL	Association of Accounting Technicians of Sri Lanka
ACA	Associate Chartered Accountant
ACCA	The Association of Chartered Certificated Accountants
ACWAC	Association of Cost and Works Accountants of Ceylon
ADB	Asian Development Bank
AICPA	American Institute of Certified Public Accountants
ANC	American Education Centre and related entities
APFASL	Association of Public Finance Accountants of Sri Lanka
APIIT	The Asia Pacific Institute of Information Technology
ASC	Accounting Standards Committee
ASOSAI	Asian Organization of Supreme Audit Institutions
ICASL	The Institute of Chartered Accountants of Sri Lanka
CAPA	The Confederation of Asian and Pacific Accountants
CBSL	Central Bank of Sri Lanka
CIMA	Chartered Institute of Management Accountants
CIMA-UK	Chartered Institute of Management Accountants UK
CMA	Institute of Certified Management Accountants
COPA	Committee on Public Accounts
COPE	Committee on Public Enterprises
CPA	Institute of Certified Public Accountants
CPD	Continuing Professional Development
DP	Discussion Paper
ED	Exposure Draft

FCA	Fellow Chartered Accountant
GIZ	Deutsche Gesellschaft fur Internationale Zusammenarbeit
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBSL	Insurance Board of Sri Lanka
ICAEW	Institute of Chartered Accountants in England and Wales
ICASL	Institute of Chartered Accountants of Sri Lanka
ICBT	International College of Business & Technology
ICWA-UK	Institute of Cost and Works Accountants UK
ICMA-UK	Institute of Cost and Management Accountants UK
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretation Committee
IFRSs	International Financial Reporting Standards
IIA-SL	Institute of Internal Auditors Sri Lanka
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standard on Auditing
MSME	Ministry of Micro Small and Medium Enterprises
NSBM	National School of Business Management Limited
PSASC	Public Sector Accounting Standards Committee
ROC	Registrar of Companies
ROSC	Report on the Observance of Standards and Codes
SAFA	South Asian Federation of the Accountants
SAITM	South Asian Institute of Technology and Medicine (Pvt) Ltd
SBEs	Specified Business Entities

SEs	Smaller Entities
SEC	Securities and Exchange Commission of Sri Lanka
SIC	Standard Interpretation Committee
SLAASMB	Sri Lanka Accounting and Auditing Standards Monitoring Board
SLAcS	Sri Lanka Accountants Service
SLAuS	Sri Lanka Auditing Standard
SLFRSs/ LKASs	Sri Lanka Accounting Standards
SLIDA	Sri Lanka Institute of Development Administration
SLPSAS	Sri Lanka Public Sector Accounting Standards
SLRSPS	Sri Lanka Related Services Practice Statements
SLSAE	Sri Lanka Standards on Assurance Engagements
SLSRE	Sri Lanka Standards on Review Engagements
SME	Small & Medium Sized Entities
SMP	Small & Medium Sized Practitioner
SoAT	Statement of Alternative Treatment
SoRP	Statement of Recommended Practice
UGC	University Grants Commission

TABLE OF CONTENTS

1.	**HISTORY OF THE PROFESSION**	1
1.1	History	1
1.2	Current Status	4
2.	**PROFESSIONAL AND ACADEMIC INFRASTRUCTURE**	6
2.1	Professional Infrastructure	6
2.1.1	Private Sector Related Professional Institutions	6
2.1.1.1	*The Institute of Certified Management Accountants*	7
2.1.1.2	*The Institute of Chartered Accountants of Sri Lanka*	8
2.1.1.3	*The Association of Chartered Certified Accountants*	8
2.1.1.4	*The Chartered Institute of Management Accountants*	9
2.1.1.5	*The Institute of Certified Public Accountants*	9
2.1.1.6	*The Institute of Internal Auditors Sri Lanka*	9
2.1.1.7	*The Association of Accounting Technicians of Sri Lanka*	10
2.1.2	Public Sector Related Professional Institutions	11
2.1.2.1	*The Association of Public Finance Accountants of Sri Lanka*	11
2.1.2.2	*Sri Lanka Accountants Service*	11
2.2	Academic Infrastructure	12
2.2.1	Secondary and Higher Education in Sri Lanka	12
2.2.2	Infrastructure of Tertiary Education in Accounting	12
2.2.3	State Universities	14

		2.2.3.1 *Eastern University*	14
		2.2.3.2 *Rajarata University*	14
		2.2.3.3 *Sabaragamuwa University*	15
		2.2.3.4 *South Eastern University*	15
		2.2.3.5 *University of Colombo*	15
		2.2.3.6 *University of Jaffna*	16
		2.2.3.7 *University of Kelaniya*	17
		2.2.3.8 *University of Peradeniya*	19
		2.2.3.9 *University of Ruhuna*	19
		2.2.3.10 *University of Sri Jayewardenepura*	20
		2.2.3.11 *Wayamba University*	21
	2.2.4	Other Government Institutions	22
		2.2.4.1 *Sri Lanka Accountancy Service*	22
		2.2.4.2 *Sri Lanka Audit Service*	22
		2.2.4.3 *Sri Lanka Institute of Advanced Technological Education*	22
		2.2.4.4 *Sri Lanka Institute of Development Administration*	23
	2.2.5	Private/Non-Government Graduate Schools and Universities	23
		2.2.5.1 *The Institute of Chartered Accountants of Sri Lanka*	23
		2.2.5.2 *Kaatsu International University*	24
		2.2.5.3 *Sri Lanka Technological Campus*	24
	2.2.6	Affiliated Campuses of Foreign Universities	24
3.	**LEGAL AND REGULATORY ENVIRONMENT**		29
3.1		Overview of the Legal Framework for Accounting and Auditing	29
	3.1.1	The Constitution of the Democratic Socialist Republic of Sri Lanka	29
	3.1.2	Accounting and Auditing Standards Act No. 15 of 1995	29
	3.1.3	Banking Act No. 30 of 1988	30

3.1.4	Companies Act No.07 of 2007	30
3.1.5	Finance Act No. 38 of 1971	30
3.1.6	Finance Business Act No. 42 of 2011	31
3.1.7	Inland Revenue Act No. 24 of 2017	31
3.1.8	Institute of Chartered Accountants Act No. 23 of 1959	31
3.1.9	Institute of Certified Management Accountants of Sri Lanka Act No. 23 of 2009	32
3.1.10	Microfinance Act No. 06 of 2016	32
3.1.11	Monitory Law Act No. 58 of 1949	32
3.1.12	National Audit Act, No. 19 of 2018	32
3.1.13	Securities and Exchange Commission Act No. 36 of 1987	32
3.1.14	Regulation of Insurance Industry Act No. 43 of 2000	33
3.2	Standard-Setting Implementation, Monitoring	33
3.2.1	Sri Lanka Accounting Standards	33
3.2.2	Sri Lanka Auditing Standards	34
4.	**ACCOUNTING PROFESSION**	35
4.1	Introduction - Accounting as a Profession	35
4.2	Accountant's Role and Responsibility	35
4.3	Accountant's Independence and Liability	36
4.4	Reporting Requirements	37
4.5	Accounting Firms	37
4.6	Selecting Accountancy as Career	37
5.	**ACCOUNTING STANDARDS IN SRI LANKA**	39
5.1	Introduction	39
5.2	Private Sector	39
5.2.1	What Constitutes Sri Lanka Accounting Standards in the Private Sector	39
5.2.2	Legality	40
5.2.3	Accounting Standards Committee	42
5.2.4	Standard Setting Process	42

5.2.5	Convergence with International Private Sector Accounting Standards	43
5.2.6	Accounting for Small and Medium Enterprises and Smaller Entities	44
5.2.6.1	*SLFRS for SMEs*	45
5.2.6.2	*SLFRS for Smaller Entities*	46
5.2.7	Statement of Recommended Practices	46
5.2.8	Statements of Alternative Treatments	47
5.2.9	Financial Reporting Guidelines	47
5.3	Public Sector	48
5.3.1	What Constitutes Sri Lanka Accounting Standards in Public Sector	48
5.3.1.1	*Accounting Standards followed by the Government*	49
5.3.1.2	*Accounting Standards followed by SoEs Engaged in Sale of Goods or Services*	49
5.3.1.3	*Accounting Standards followed by Other Public Institutions and Boards*	49
5.3.2	Legality	49
5.3.3	Public Sector Accounting Standards Committee	50
5.3.4	Standard Setting Process	51
5.3.5	Convergence with International Public Sector Accounting Standards	52
6.	**AUDITING PROFESSION**	53
6.1	Introduction	53
6.2	Private Sector	53
6.2.1	Audit Licenses	53
6.2.2	Auditor Appointment and Dismissal	54
6.2.3	Auditor Independence	54
6.2.4	Audit Reporting Requirements	54
6.2.5	Auditor Liability	55
6.2.6	Auditing Firms	55

6.3	Public Sector	56
6.3.1	Institutional Framework for Public Sector Auditing	56
6.3.2	Appointment and Dismissal of Public Sector Auditors	56
6.3.3	Responsibilities of the Auditor Generals' Department	57
6.3.4	Auditor Independence	58
6.3.5	Auditor Liability	58
6.3.6	Audit Reporting Requirements	58
6.3.7	Code of Ethics for Public Sector Auditors	59
7.	**AUDITING STANDARDS**	60
7.1	Introduction	60
7.2	Private Sector	60
7.2.1	What Constitutes Sri Lanka Auditing Standards	60
7.2.2	Legality	60
7.2.3	Auditing Standards Committee	61
7.2.4	Auditing Standard Setting Process	61
7.2.5	Convergence with International Auditing Standards	64
7.2.6	Auditing of Small and Medium Enterprises	64
7.3	Public Sector	65
7.3.1	What Constitutes Public Sector Auditing Standards in Sri Lanka	65
7.3.2	Legality	68
7.4	Internal Auditing Standards	68
8.	**QUALITY ASSURANCE OF THE AUDIT PROFESSION**	70
8.1	Introduction	70
8.2	Private Sector	70
8.2.1	What Constitutes Quality Assurance Standards in Sri Lanka	70
8.2.2	Legality	70
8.2.3	Convergence with International Quality Standards	71
8.2.4	The Regulatory Environment	71
8.2.5	The Components of Effective Regulation	72

	8.2.6 Providing Support for Small and Medium-sized Practices (SMPs)	72
8.3	Public Sector	73
9.	**CONTRIBUTORS TO PROFESSIONAL DEVELOPMENT**	74
9.1	Introduction	74
9.2	Bilateral Contributors	75
	9.2.1 Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	75
	9.2.2 Other Countries	75
9.3	Multilateral Contributors	75
	9.3.1 Asian Development Bank (ADB)	75
	9.3.2 The World Bank (WB)	77
10.	**ETHICS AND THE ACCOUNTANCY PROFESSION**	80
10.1	Introduction	80
	10.1.1 Ethics	80
	10.1.2 Investigations	80
10.2	Legality	80
	10.2.1 Ethics	81
	10.2.2 Investigations and Disciplinary	81
10.3	Convergence with International Standards	82
10.4	Applicability of Ethics and Investigations	82
	10.4.1 Institute of Certified Management Accountants of Sri Lanka	82
	10.4.2 The Institute of Chartered Accountants of Sri Lanka	83
	10.4.3 The Association of Certified Chartered Accountants	85
	10.4.4 Chartered Institute of Management Accountants	85
	10.4.5 Association of Accounting Technicians in Sri Lanka	86
11.	**CORPORATE GOVERNANCE**	87
11.1	Introduction	87
11.2	What is Corporate Governance	87
11.3	Corporate Governance in Sri Lanka and its Legality	89

11.4 Benchmarking Corporate Governance in Sri Lanka	89
11.5 Code of Best Practice on Corporate Governance 2017	90
11.6 Corporate Governance Disputes	91
12. EDUCATION AND TRAINING	93
12.1 Introduction	93
12.2 Secondary Education	93
12.3 Tertiary Education	94
12.4 Private Sector Professional Education	94
12.4.1 The Institute of Certified Management Accountants	94
12.4.2 The Institute of Chartered Accountants of Sri Lanka	95
12.4.3 Association of Chartered Certified Accountants	97
12.4.4 Chartered Institute of Management Accountants	97
12.4.5 Association of Accounting Technicians of Sri Lanka	98
12.5 Public Sector Professional Education	99
12.5.1 Association of Public Finance Accountants of Sri Lanka	99
12.6 Tertiary Academic Education - Private Universities	100
12.6.1 Institute of Chartered Accountants of Sri Lanka	100
12.6.2 Sri Lanka Institute of Information Technology	101
12.6.3 KAATSU International University	103
12.6.4 Sri Lanka Technological Campus	104
12.7 Tertiary Academic Education - State Universities	104
12.7.1 Eastern University	105
12.7.2 Rajarata University	106
12.7.3 Sabaragamuwa University	107
12.7.4 South Eastern University	108
12.7.5 University of Colombo	111
12.7.6 University of Jaffna	115
12.7.7 University of Kelaniya	120
12.7.8 University of Peradeniya	124

12.7.9 University of Ruhuna	126
12.7.10 University of Sri Jayewardenepura	127
12.7.11 Wayamba University	130
12.7.12 Practical Training Requirement of Universities	131
13. TECHNOLOGY AND PROFESSION	134
13.1 Introduction	134
13.2 Computer-Aided Accounting and Information Systems	134
13.3 Impact on the Accounting Profession	135
13.3.1 Computerization of Accounting Functions	135
13.3.2 Internal Control and Audit	136
13.3.3 Decision Making	136
13.4 Recent Developments	137
13.4.1 Cloud-Based Accounting	137
13.4.2 Outsourcing Accounting Functions	137
13.4.3 Advertising and Utilizing Social Media	137
13.4.4 Remote Work Settings	138
13.4.5 Artificial Intelligence, Big Data, and Data Analytics	138
13.4.6 Blockchain	139
14. EVOLVING CONCEPTS IN FINANCIAL REPORTING	140
14.1 Introduction	140
14.2 Sustainability Reporting	140
14.3 Integrated Reporting	142
14.4 Comparison of Different Types of Reporting	143
15. ACCOUNTING AND AUDITING RESEARCH IN SRI LANKA	144
APPENDICES	147
A1 Useful Websites	147
A2 Accounting Standards	149
A2.1 Sri Lanka Accounting Standards	149
A2.2 International Interpretations Adopted in Sri Lanka	152

	A2.3 Comparison of Sri Lanka Accounting Standards with International Standards	154
A3	Public Sector Accounting Standards	157
	A3.1 Sri Lanka Public Sector Accounting Standards	157
	A3.2 International Public Sector Standards	159
	A3.3 Comparison of International Public Sector Standards with Sri Lanka Public Sector Accounting Standards	161
A4	Auditing Standards	163
	A4.1 Sri Lanka Auditing Standards	163
	A4.2 Sri Lanka Auditing Practice Notes	165
	A4.3 Sri Lanka Standards on Other Assurance Engagements and Related Services	165
	A4.4 Sri Lanka Standards on Quality Control	166
	A4.5 Sri Lanka Framework For Audit Quality And Assurance Engagements	167
	A4.6 Internal Auditing Standards	167
A5	Sustainability Reporting Standards	168
A6	Useful Acts of Parliament	170
Sri Lanka Education Standards		171
REFERENCES		172

1. HISTORY OF THE PROFESSION

1.1 History

The roots of the present Accounting and Auditing practices in Sri Lanka can be traced back to early British times. From the records available there had been an Accountant and Auditor-General by the name of Cecil Smith[1] as far back as the year 1799, just three years after the British occupation of the maritime provinces of the Island in 1796. We can safely assume that the Government Audit Department in Sri Lanka was established in 1799.

The designation of the person was Accountant and Auditor-General, but there is no information as to the precise nature of his functions. From his designation, it might be inferred that he discharged dual functions, namely, that of Accountant, presumably at the Treasury, and also that of Auditor-General, responsible for the audit of Government accounts which would have included those of the Treasury as well. By modern standards, such an arrangement could not be considered as being conducive to an independent and effective audit. The year 1806 marks an important change in the designation, signifying presumably the removal of the accounting functions from the Head of the Audit Department. The designation was altered to Civil Auditor General[2].

According to Johnson & Caygill (1971) and Briston & Kedslie, (1997), the first professional examinations of British Accounting bodies were held in Sri Lanka in 1920[3]. The examinations were based on British accountancy body examinations at that time. Chartered Accountants from England & Wales or Scotland were the only professional accountancy qualification known and most of those qualified joined the auditing practice. A few joined commercial organizations. To qualify, one had to study in the United Kingdom and hence this route was only open to those who could afford the cost of studying abroad and the premium payable for article clerkship.

The first legislative enactments connected to the Accounting and Auditing Profession in Sri Lanka were introduced in 1932. The first such enactment

[1] http://www.auditorgeneral.gov.lk/web/index.php/en/about-us/main-history-and-overview

[2] http://www.auditorgeneral.gov.lk/web/images/aboutus/HistoryoftheAuditorGeneralsDepartment.pdf

[3] Western Imperialism And Eastern Accounting: The Story of Chartered Institute of Management Accountants In Sri Lanka by Bala Balachandran

was the Income Tax Ordinance of 1932, and the second was the Companies Ordinance of 1938. The Income Tax Ordinance of 1932 resulted in a need for tax consultants, accountants, and audit personnel competent in the preparation of financial statements. Initially, this need was satisfied by persons from India who were graduates in commerce or accountancy of Indian universities and a few British-qualified expatriates in the country.

The Companies Ordinance came into operation in 1938. Section 130(7) of the Companies Ordinance specified that no persons other than a registered auditor shall be eligible for appointment as an auditor. Section 132(1) Companies Ordinance stated that "the auditors shall make a report to the members on the Financial Statements examined by them, and on every statement of Financial Position laid before the company in general meetings, during their tenure of office."

By the time the Income Tax Ordinance and the Companies Ordinance were introduced, there were only a few persons in the country who were competent to function as tax consultants, advisors, and auditors. There were several semi-qualified accountants mainly Indian nationals and about twenty-five Chartered Accountants, the majority of them were British nationals either in practice or employed in the Commercial sector. At this time there were only a few recognized firms of Chartered Accountants and Incorporated Accountants practicing in the country. These firms were inadequate to service the needs of the country, especially as the effective functioning of the Income Tax Ordinance necessitated tax advisors and consultants.

In the 1940s, the Accountancy Board was established[4] by the then colonial government to regulate and conduct examinations to select suitable candidates for the government accounting service. Those who were successful were called Ceylon Registered Accountants.

In 1942 the Ceylon Technical College was separated from the Education Department[5]. Several years later the Technical College began courses in accountancy and commerce. Those who qualified at the Ceylon Technical College became Registered Accountants and predominantly worked in the government audit department. There was also a privately owned college called The Polytechnic which provided coaching for the examinations of the London Institute of Bookkeepers. During that period a few secondary schools had a Commerce stream and taught Book-keeping and Commerce. The University of Ceylon did not consider Accountancy or Commerce as subjects of importance and did not offer degrees in these areas.

[4] Western Imperialism and Eastern Accounting: The Story of Chartered Institute of Management Accountants in Sri Lanka by Bala Balachandran

[5] http://www.findglocal.com/LK/Maradana/314557955245799/Japan-Sri-Lanka-College-of-Technology

The years 1956 to 1965 saw a major change in the field of accountancy. A few of those who traveled to the United Kingdom for further studies passed the examinations conducted by the Institute of Chartered Accountants of England & Wales (ICAEW) and Institute of Cost and Works Accountants (ICWA UK, as it then was) and returned to the country. A large number of those who qualified and obtained membership of the ICAEW went into Auditing Practice and those who obtained membership of the (ICWA-UK) became Accountants in major companies and went on to be pioneers of the accounting profession instead of moving to traditional auditing practice. The top management of major companies was able to see the benefits of planning, control, and decision-making information introduced by this new breed of accountants.

The Institute of Chartered Accountants of Sri Lanka, (ICASL) was set up in 1959 by an act of parliament (Act No 23 of 1959). ICASL focused mainly on Auditing, Financial Reporting, and Taxation. The teaching material used for ICASL were correspondence courses imported from a private-sector body in the United Kingdom called Foulkes Lynch. The ICASL accepted those with the General Certificate of Education Advanced Level qualification to follow a course of study. This route to an accountancy qualification required securing an articled clerkship, a premium to pay to the principal, and four years of study without any salary for non-graduates and three years for graduates.

In 1965 a new Association was set up in Sri Lanka with the objective to establish a new profession of cost accountants. They were expected to handle the then up-and-coming areas of costs of industrial activities, analyze those costs using new and comparable techniques, and present reports to assist those responsible for industrial and commercial activities with a view of using accountancy as a means to increasing productivity of organizations. It was named the Association of Cost and Works Accountants of Ceylon (ACWAC). Mr. Frank Hayhurst and Mr. M T A Furkhan were the two co-founders of this Association. The ACWAC assisted students who wanted to follow examinations conducted by the ICWA-UK. At the second stage of its development, as the demands of the entrepreneurs increasingly changed, the cost accountants came up with innovative accounting techniques to use the cost figures to help management achieve greater cost benefits. That function was later identified as ‘management accounting’. To keep in line with the changes in the name, in 1972, ICWA-UK was changed to the Institute of Cost and Management Accountants (ICMA-UK) and the ACWAC became a branch of ICMA-UK. And in 1986 by virtue of the grant of a Royal Charter to ICMA-UK, the name of the Institute was once again changed - this time to the Chartered Institute of Management Accountants (CIMA-UK).

Subsequently, Accountancy became a recognized field of study. In 1987 ICASL took the initiative to form another institute to accommodate middle-level accountants. As a result, the Association of Accounting Technicians of Sri Lanka (AATSL) was born.

The University of Ceylon was the only university in Sri Lanka (earlier Ceylon) from 1942 until 1972. It had several constituent campuses at various locations around Sri Lanka. The University of Ceylon Act No. 1 of 1972, replaced it with the University of Sri Lanka which existed from 1973 to 1978. In 1978, it was separated into four independent universities. These are the University of Colombo, the University of Peradeniya, Vidyodaya University, and the University of Kelaniya.

Though the legal enactments dated back to 1932, Accountancy was not well known in Sri Lanka and was not, one of the careers until the 1980s. For the first time, in November 1991, the Department of Accountancy and Financial Management of the University of Sri Jayawardenepura was set up to offer a special degree program in Accounting and the Bachelor of Science in Accounting (Special) degree program commenced in January 1992. Until such time the subject of Accounting was taught under the degree program called Bachelor of Commerce. Now Commerce Stream students are eligible to be admitted to the Management and Commerce faculties, which are available in the University of Colombo, University of Peradeniya, University of Sri Jayewardenepura, University of Kelaniya, University of Jaffna, University of Ruhuna, Eastern University Sri Lanka, South Eastern University of Sri Lanka, Rajarata University of Sri Lanka, the Sabaragamuwa University of Sri Lanka and the Wayamba University of Sri Lanka.

Certified Management Accountants (CMA), a new Professional Management Accounting body, started its operations in June 2000. The Institute of Certified Management Accountants, Act No. 23 of 2009 approving the establishment of the Institute was passed by the parliament in April 2009.

In the year 2002, the Accountancy profession in Sri Lanka got a new liaison office of another key Accountancy institution from the UK. This time it was the Association of Chartered Certified Accountants (ACCA).

1.2 Current Status

Accounting and Auditing Education and Practices in Sri Lanka has come a long way from the time when the first legal enactment was introduced in 1932 and the the first national body of accountants was established in 1959. The Report on the Observances of Standards Codes Accounting and Auditing (ROSC) done by the World Bank identifies that there is a vibrant accountancy

profession in Sri Lanka[6]. The remaining chapters of this book will identify the current status of Accounting and Auditing Education and Practices in Sri Lanka.

[6] Report on the Observances of Standards Codes Accounting and Auditing (ROSC) World Bank

2. PROFESSIONAL AND ACADEMIC INFRASTRUCTURE

2.1 Professional Infrastructure

In general, the prevailing professional infrastructure in the field of Accounting and Auditing in Sri Lanka has demonstrated a comparatively higher standard when compared with the rest of the world. The professional infrastructure connected with Accounting and Auditing can be categorized into two key sectors namely Private Sector related infrastructure and Public Sector related infrastructure.

2.1.1 Private Sector Related Professional Institutions

Sri Lanka's accounting and auditing profession is largely self-regulated and comprises a range of professional bodies established in the private and public sectors. Presently 5 institutions play key roles in the country. At present Sri Lanka has two local professional accountancy institutions established by Acts of Parliament, branches/divisions of two United Kingdom-based institutions, one privately set up institution, and one institution which produces accounting technicians. The two institutions formed by Acts of Parliament have listed under the Private Sector institutions due to the fact that both these institutions act quite independently and the government's involvement is minimal. The list of institutions is given below.

Institutions Incorporated by an Act of Parliament

1. The Institute of Certified Management Accountants of Sri Lanka (CMA)
2. The Institute of Chartered Accountants of Sri Lanka (ICASL)

Branches/Divisions of UK Institutions

3. The Association of Chartered Certified Accountants (ACCA)
4. The Chartered Institute of Management Accountants (CIMA-UK)

Private Institutions

5. The Institute of Certified Public Accountants (CPA)
6. The Institute of Internal Auditors Sri Lanka (IIA-SL)

Accounting Technicians

7. The Association of Accounting Technicians of Sri Lanka (AATSL)

2.1.1.1 The Institute of Certified Management Accountants of Sri Lanka[1]

The Institute of Certified Management Accountants of Sri Lanka (CMA) was incorporated in April 2009 as the National Professional Management Accounting Institution in Sri Lanka by Parliament Act No.23 of 2009.

The main objective of this institute is to provide a professional organization for management accountants. The Council of the Institute is responsible for the administration and management of the organization. CMA recommends their courses for students after Advanced Levels, Undergraduates, Graduates, and professionals who wish to gain career prospects. CMA currently possesses more than 17,000 students and its member base increased to about 2,410 members by the end of 2019[2].

There are two levels of Memberships; Associates and Fellows. To become a member, a student needs to pass all the necessary examinations conducted by the institute and undergo three years of training with a recognized training institution. After completing the examinations and training, the student is entitled to apply for the first level of membership called Associate Membership (ACMA). After 5 years, an Associate Member who satisfies the council that he has acquired the required experience, can apply for admission as a Fellow Member (FCMA).

CMA is a member of the regional body of accountants named South Asian Federation of Accountants (SAFA) and a member of the International Federation of Accountants (IFAC).

[1] https://www.cma-srilanka.org
[2] Institute of Certified Management Accountants of Sri Lanka – Annual Report - 2019

2.1.1.2 The Institute of Chartered Accountants of Sri Lanka[3]

The Institute of Chartered Accountants of Sri Lanka (ICASL), established by an Act of Parliament (Act No 23 of 1959) was the first national professional accountancy body of the country. ICASL members generally specialize in Auditing, Finance, and Tax. ICASL is a member of IFAC. It is also a member of two key regional bodies namely The Confederation of Asian and Pacific Accountants (CAPA) and The South Asian Federation of Accountants (SAFA).

The Council of the Institute is responsible for the administration and management of the organization. ICASL currently has about 6,000 members and over 30,000 students. To become a Chartered Accountant, a student needs to pass all the necessary examinations conducted by the institute with three years of training under a recognized training institution. There are two levels of Memberships; Associates and Fellows. After completing the examinations and training, the student is entitled to apply for the first level of membership called Associate Membership (ACA). An Associate Member who satisfies the council that he has acquired the required Continuing Professional Development (CPD) credits, can apply for admission as a Fellow Member (FCA). ICASL has signed several mutual recognition agreements with leading accounting institutions in the world such as The Institute of Chartered Accountants in England and Wales, Chartered Accountants Australia & New Zealand, and CPA Australia.

A member, with at least two years of practical training in a firm of practicing Charted Accountants after obtaining the final certificate, may apply for a certificate to practice. After obtaining the practicing certificate the member may practice as an accountant or an auditor. ICASL is the licensing authority of the Practicing Chartered Accountants.

2.1.1.3 The Association of Chartered Certified Accountants[4]

The Association of Chartered Certificated Accountants (ACCA) is one of the largest internationally recognized professional accountancy bodies based in the United Kingdom. This qualification has international validity and is recognized in 176 countries. ACCA has a division in Sri Lanka. The Sri Lankan division of ACCA was established as a liaison office in the year 2002.

[3] https://www.casrilanka.com

[4] https://www.acca.lk

The main purpose of the ACCA qualification is to improve and develop accounting knowledge and skills. To become an ACCA member, a student, needs to pass the necessary examinations conducted by their institute, practical experience, and special professional ethics module. Associate Members with 5 years' experience can become Fellow Members.

2.1.1.4 The Chartered Institute of Management Accountants[5]

The Chartered Institute of Management Accountants (CIMA-UK) is the world's leading, and largest, professional body of management accountants. They produce Chartered Global Management Accountants (CGMAs) and have members and students in 176 countries. CIMA-UK established its first Branch in Sri Lanka. CIMA-UK currently has a division in Sri Lanka. Those who complete CIMA-UK courses successfully can become Associate Members with three years' training. Associate Members with three years' experience can become Fellow Members.

CIMA-UK joined together with the American Institute of Certified Public Accountants (AICPA) to create a designation for management accountants, the Chartered Global Management Accountant (CGMA).

2.1.1.5 The Certified Public Accountant[6]

Certified Public Accountant (CPA) is the title of qualified professional accountants in the majority of countries in the world. USA, Canada, Australia, China, Japan, Ireland, New Zealand, throughout the Middle East, and many other countries in the world have the CPA qualification. CPA Institute in Sri Lanka has been established as a private institution with some liaisons with the CPA Ireland. The institution has made a few unsuccessful attempts to legalize the establishment by way of an Act of Parliament.

2.1.1.6 The Institute of Internal Auditors Sri Lanka[7]

The Institute of Internal Auditors Sri Lanka (IIA-SL) is an affiliated Chapter to the Institute of Internal Auditors Inc (llA Inc). IIA Inc is based in Florida, USA, and advocates providing education, developing standards, guidance, and certifications for the internal audit profession. IIA-SL was formed in June 2005.

---

5 https://www.cimaglobal.com/Our-locations/SriLanka/

6 https://www.icpasrilanka.com

7 http://www.iiasl.lk

The objective of the IIA-SL is to uplift the standards of the internal audit profession in Sri Lanka and to train internal audit professionals. Affiliation with llA Inc. allows IIA-SL to leverage standards and methodologies that are recognized worldwide without the need to reinvent the wheels in Sri Lanka.

IIA-SL facilitates internal audit professionals to earn qualifications such as Certified Internal Auditor (CIA) Certification in Control Self-Assessment (CCSA), Certified Government Auditing Professional (CGAP), and Certified Financial Services Auditor (CFSA) conducted by IIA. The first examinations in Sri Lanka were held in November 2005. However, the growth of the profession was slow and a very limited number hold the membership of AAI-SL. Despite this slow growth, there is a need and potential to develop the field of Internal Auditing in Sri Lanka.

2.1.1.7 The Association of Accounting Technicians of Sri Lanka[8]

The history of the Association of Accounting Technicians of Sri Lanka (AATSL) began in 1987. AATSL was launched as an initiative that came through the ICASL. AATSL is registered under the Companies Act No 17 of 1982 and re-registered under the Companies Act No 7 of 2007, as a company limited by guarantee. Two years after its inception, AATSL was admitted to the Associate Membership of the IFAC. AATSL is also a member of the regional body of accountants called CAPA and SAFA.

Accounting Technicians support the middle-level accounting profession and the main purpose of this Institute is to provide good knowledge for those who wants to become accounting technicians. AATSL has three levels of Memberships; General Membership (MAAT), Senior Accounting Technician (SAT), and Fellow membership (FMAAT). After completing all examinations and gaining two years of experience one can earn a MAAT. Five years of experience with MAAT can earn SAT and a further five years of experience as SAT can earn FMAAT. Students who complete all examinations at AATSL can move on to become a Chartered Accountant and claim exemptions at the middle-level examinations held by ICASL.

A large number of students use the AATSL as the entry point to the Accounting profession. Currently AATSL has 30,000 registered students and its membership is approaching approximately 6,000.

[8] https://aatsl.lk

2.1.2 Public Sector Related Professional Institutions

Unlike the private sector professional bodies, there are very few public sector bodies which involve in the providence of professional infrastructure. Out of those, the ICASL initiated the public sector wing and the Auditor General's Department office acts as a key player in the public sector.

2.1.2.1 The Association of Public Finance Accountants of Sri Lanka[9]

The Association of Public Finance Accountants of Sri Lanka (APFASL) was formed by the Public Sector Wing of ICASL in 2012. One of the main objectives of the Association is to improve Public sector financial reporting by rolling out Sri Lanka Public Sector Accounting Standards (SLPSAS) and to build the capacity of the public sector in applying such standards. APFASL has introduced the Chartered Public Financial Accountant (CPFA) qualification to those who want to obtain public sector professional qualifications in accounting. There are three levels of membership of this Association. First, after completing the required examinations and experience, students can apply for the Associate membership of the Association. Second, with additional experience, the membership can be advanced to Fellow status. Finally, with further experience, the member can obtain the Chartered Public Finance Accountant qualification. This qualification is offered by the Association in collaboration with the Chartered Institute of Public Finance & Accountancy.

2.1.2.2 Sri Lanka Accountants Service[10]

The necessity for establishing public sector accounting methods have been increased during the second world war. This need gave birth to Sri Lanka Accountants Service (SLAcS). SLAcS was established in 1946 with the vision of achieving "Self-Governed Accountant Service for efficient and effective financial management" in the Public Sector. SLAcS identify their main objective as "To create a competent professional with inherent initiatives to ensure accountability and responsibility maintaining the transparency of financial management at maximum level". In order to achieve its objectives and goals, SLAcS is carrying out training and development activities mainly with the help of the Sri Lanka Institute

[9] https://www.casrilanka.com

[10] https://www.pubad.gov.lk/web/index.php?option=com_content&view=article&id=33&Itemid=153&lang=en

of Development Administration (SLIDA). During the initial period, SLAcS was under the Ministry of Finance and later on, in June 2015 it came under the Ministry of Public Administration. Those who complete Government Accountancy exams can be a member of SLAcS and the officers of SLAcS are serving the Government in all parts of the country.

2.2 Academic Infrastructure

2.2.1 Secondary Education in Sri Lanka

Sri Lanka's academic education system has a long history that dates back two millennia. The Constitution of Sri Lanka provides for education as a fundamental right. In 1938 the education system in Sri Lanka (then Ceylon) was formally made free following the granting of universal franchise in 1931. The Minister of Education, late Hon. Dr. C.W.W. Kannangara took the initiative in establishing the free education system[11].

Today there are approximately 10,000 public schools, over 700 Pirivenas, over 50 private schools, and over 200 so-called international schools in Sri Lanka. Most of these schools offer a commerce stream for students which could lead to tertiary education in the field of Accounting and Auditing.

2.2.2 Infrastructure of Tertiary Education in Accounting

There are 15 state-owned universities, about 10 private universities, and 10 postgraduate institutes providing academic education in Sri Lanka. In addition, there are some vocational training centers and technical schools which offer various degrees/ diplomas to the vast range of academic knowledge seekers.

The tertiary education system of the country is dominated by State Universities. These State Universities cannot meet the county's demand for higher education and hence, students are moving into different higher education paths. As a result, several private universities, affiliated campuses, direct campuses of foreign universities had been established.

In this regard, the University Grants Commission (UGC) has introduced a twelve-level qualification framework called Sri Lanka

[11]https://www.k12academics.com/Education%20Worldwide/Education%20in%20Sri%20Lanka/history-education-sri-lanka

Qualifications Framework (SLQF)[12]. The SLQF is the nationally consistent framework for all higher education qualifications offered in Sri Lanka and the SLQF applies to all Higher Education Institutions (HEIs) both public and private, which provide post-secondary education.

Table 2.1: Sri Lanka Qualifications Framework

SLQF Level	Qualification Awarded	Minimum Volume of Learning for the Award
01	Certificate (GCE O/L or equivalent)	
02	Advanced Certificate (GCE A/L or equivalent)	
03	Diploma	30 credits after SLQL 2
04	Higher Diploma	60 credits after SLQL 2 of which 30 credits after SLQL 3
05	Bachelors	90 credits after SLQL 2 of which 60 credits after SLQL 3, of which 30 credits after SLQL 4
06	Bachelors Honours	120 credits after SLQL 2 of which 90 credits after SLQL 3, of which60 credits after SLQL 4, of which 30 credits after SLQL 5
07	Postgraduate Certificate*	20 credits after SLQL 5 or SLQL 6
08	Postgraduate Diploma*	25 credits after SLQL 5 or SLQL 6
09	Masters by course work*	30 credits after SLQL 5 or SLQL 6
10	Masters with course work and a research component	60 credits after SLQL 5 or SLQL 6 including a research component of a minimum of 15 credits
11	Master of Philosophy	Minimum 2 years of full-time or equivalent time of original research after SLQL 6 or above
12	Doctor of Philosophy / MD with Board Certification/Doctor of Letters/Doctor of Science	Minimum 3 years of full-time or equivalent time of original research after SLQL 6 or above

Source: University Grants Commission

[12] https://www.ugc.ac.lk/attachments/1156_SLQF_2016_en.pdf

Note: Only the extension category study programs that lead to Postgraduate Certificate, Postgraduate Diploma, and Masters by course work are placed at SLQF Levels 7, 8, and 9 respectively. Conversion category study programs that award Postgraduate Certificate, Postgraduate Diploma, or Masters by course work are placed at SLQF Level 6.

When considering tertiary education in accounting and related areas in Sri Lanka; state universities, private universities, and affiliated campuses of foreign universities are offering diplomas, higher diplomas, undergraduate degree programs, postgraduate degree programs, and research degree programs in accounting and related areas. Institutions that provide tertiary education programs in accounting and related areas are listed below.

2.2.3 State Universities

Eleven state universities offer programs in the field of Accountancy and Finance. They are listed below. In addition to the programs listed below, some universities do offer business-related higher education programs. They are not detailed out here. None of the state universities offer programs in specializing auditing.

2.2.3.1 Eastern University[13]

The only degree program offered by the Eastern University in the Accounting and Finance area is the Bachelor of Commerce degree. This four-year degree is called **B.Com (Honors) in Accounting and Finance** and the study program has been designed for students with General Certificate of Education (Advanced Level) qualification. The program aims to instill knowledge, skills, and qualities required to be a professional in the field of accounting and finance.

2.2.3.2 Rajarata University[14]

Rajarata University also offers only an undergraduate program in accounting. It is a four-year Special Degree in Accountancy and Finance called Bachelor of Science in Accountancy and Finance (**B.Sc. in Accountancy and Finance**). The firstyear of study is common for all students the Faculty of Management Studies focusing on the basic courses. Second year onwards up to the first semester of the fourth year, students are expected to learn courses related to Accounting and Finance together with a research component. In the fourth year of the second semester, students undergo six months of practical training to get industrial exposure.

[13] http://www.fcm.esn.ac.lk/commerce

[14] http://www.rjt.ac.lk/mgt/pages/acc.php

2.2.3.3 Sabaragamuwa University[15]

Sabaragamuwa University also offers only an undergraduate program in the related area. They offer a four-year Bachelor of Science degree in Financial Management called **B.Sc. (Honors) in Financial Management**. The university claims that the degree program has been specially designed to meet the desires of the students who are seeking a career in the discipline of Financial Management and Accounting.

The university states that the program aims to equip the students with knowledge, talents, skills, and attitudes to be effective and productive managers in the field of Financial Management in local and global contexts. Further, it attempts to create Financial Management (Special) graduates with both theoretical knowledge and practical applications. In addition, the students also develop important skills in the areas of Financial Econometrics, Business Communication, and Information Technology.

2.2.3.4 South Eastern University[16]

Like in the case of Eastern, Rajarata, and Sabaragamuwa, South Eastern University also offers one four-year undergraduate program in Accounting. The degree is called Bachelor of Business Administration (**BBA (Special) Accounting**). The university claims that the special degree program enables students to gain the necessary knowledge in accounting and related areas becoming professionals in the field of accounting.

2.2.3.5 University of Colombo[17]

The University of Colombo offers diploma, , degree ,and postgraduate programs in the field of Accounting. **The Diploma in Computer Based Accounting and Information Systems** is a one-year program. This program is expected to provide working knowledge in financial and management accounting through financial modeling by using MS Excel computer-based accounting. The program uses Sage 50 (cloud accounting) and covers enterprise resource planning systems, management information systems, and contemporary issues in computerized accounting.

---

[15] https://www.sab.ac.lk/mgmt/fm

[16] http://www.seu.ac.lk/fmc/index.php

[17] https://mgmt.cmb.ac.lk/

The Colombo University offers two four-year undergraduate programs. One specializing in accounting and the other in finance. After completing four years students can get a degree in Bachelor of Business Administration in Accounting (**BBA in Accounting**) or Bachelor of Business Administration in Finance (**BBA in Finance**). BBA in Accounting program is meant to gain knowledge in analyzing business and organizational activities from an accounting perspective, report business/economic affairs to necessary stakeholders, and design, implement and operate management control systems in organizations. BBA in Finance program is meant to gain knowledge in analyzing business and organizational activities from a financial perspective.

The Postgraduate Program at the Colombo University is a two-year Master of Business Administration (**MBA**) in Accounting and Information Management. This MBA degree is mainly intended for managers who need to acquire multi-disciplinary skills and for those who are aspiring to be general managers or members of a corporate management team. The program includes classroom discussions, field visits, skill development initiatives, seminars, workshops, and off-campus assignments.

2.2.3.6 University of Jaffna[18]

The University of Jaffna offers one diploma program, four undergraduate degree programs, and one master program in the field of Accounting and Finance.

The University of Jaffna offers a one-year Diploma program on Micro Finance which consists of 12 courses and a project report focusing on the structured academic contents of microfinance.

The Bachelor of Business Administration (Accounting) Special (**BBA (Accounting)**) degree is a four-year program. As per the university, the main goal of the program is to produce high quality competitive and creative graduates with theoretical and practical knowledge, positive thinking, entrepreneurial attitudes, innovative and problem-solving capacity, communication and research skills and at the same time possesses high ethics, traits, belief goals and values, and judgment serving to maximize the social benefits of the community at large.

The Bachelor of Business Administration (Financial Management) Special (**BBA (Financial Management)**) degree is also a four your

[18] http://www.micro.jfn.ac.lk/#

program. The university states that the BBA (Financial Management) program has been designed to produce graduates in Finance with the necessary knowledge, skills, and attitudes who are capable enough of meeting the challenges in growing financial and capital markets. The program of studies consists of a combination of subjects in the key areas of Corporate Finance, Investments, Portfolio Management, and International Financial Management, etc.

Bachelor of Commerce (**B.Com**) with the specialization in Accounting and Finance is also a four-year program. The university states that the program has been designed to provide the necessary knowledge, skills, and training to identify job opportunities, and analyze the problems of society as a whole by integrating and leading all relevant parties within and outside the organization.

Bachelor of Business Management Honors in Accounting and Finance (**BBM in Accounting and Finance**) is another four-year program. This program is offered at the Vavuniya Campus of the University of Jaffna. The present curriculum of the program seeks to meet the professional requirements of Accounting and Financial sectors of the public and private sectors of the economy.

The Postgraduate Program at the Jaffna University is a two-year Master of Business Administration (**MBA**) to provide opportunities to the students for developing necessary managerial skills.

2.2.3.7 University of Kelaniya[19]

The University of Kelaniya offers various Diploma programs, Undergraduateprograms, Master's programs, and a Doctorate program through its Department of Accounting, Department of Finance, and Department of Commerce & Financial Management. The Department of Accountancy offers one Higher Diploma, two Undergraduate Degrees, and one Master's program. The Department of Finance offers one Diploma, one Higher Diploma, and four Undergraduate Degrees. The Department of Commerce & Financial Management offers one Diploma, two Higher Diplomas, five Undergraduate Degrees, two Master's Degrees, and one Doctorate program.

Diploma in Business Finance is a one-year program that could be extended to a **Higher Diploma in Business Finance** with an additional year of study. The Program has been designed with the

[19] http://fcms.kln.ac.lk/

objective of crafting knowledgeable and competent personnel for the field of business finance. Also, it paves the path for students who are willing to continue their education up to bachelors and master's degree level in the field of Finance, Insurance, and Banking.

Bachelor of Commerce (Special) Degree in Financial Management is a four-year program designed to train accounting and financial professionals in view of the growing demand for the profession locally and globally. The university claims that the Program includes all the relevant subjects crucial for students to perform exceptionally in the field and it combines theoretical perspectives with field assignments. The program aims to allow students to develop a critical and contextualized understanding of the issues, problems, and solutions faced by and offered to the financial industry worldwide.

Bachelor of Business Management Finance (Honors) is also a four-year program designed to cater to the growth in the financial services industry. Accordingly, the program consists of subjects in the key areas of Finance and Economics.

The Bachelor of Business Management (Special) Accountancy Degree Program is also a four-year degree program that consists of 8 semesters. To be eligible for the degree a student should obtain 120 credits including 30 credits in each year.

Master of Business (Accounting/Finance) and Master of Professional Accounting (MPA) is a two-year program conducted in association with CQ University in Australia. The program will allow students to complete two different educational programs in different universities at the same time.

Getting more professional qualifications is a popular option for students who want to expand their skills and training in a competitive job market. By following this Program students will have the opportunity of obtaining an MPA degree from CQ University together with the Master of Business at the University of Kelaniya. It is based on recognition of course units and credit values of both masters' programs.

2.2.3.8 University of Peradeniya[20]

The University of Peradeniya offers one undergraduate degree program, one Postgraduate Diploma, and one Master's program in Accounting, Auditing, and related fields.

The Bachelor of Business Administration (BBA) in Accounting & Finance is a four-year program. To graduate from this program students, have to follow a two-year common program with students who follow Organizational Management, Human Resource Management, Marketing Management, and Operations Management. After completing the first two years students can move into specialized Accounting and Finance.

After successfully completion all the courses in the two-years common and two-years specialization programs totaling up to 120 credits, students will qualify for the award of the BBA Honors degree.

The Postgraduate Diploma in Accounting & Finance is a one-year program. The university claims that a graduate of this program is equipped and trained to; identify and analyze concepts, principles, theories, trends, and ethics in the field of Accounting & Finance.

Master of Accounting & Finance is a two-year program. This program is a continuation of the Post Graduate Diploma in Accounting & Finance.

2.2.3.9 University of Ruhuna[21]

The University of Ruhuna offers only one undergraduate degree program in Accounting, Auditing, and related fields. No Postgraduate programs are offered by them.

The Bachelor of Business Administration (Honors) Degree in Accounting is a four-year program. The university claims that the program is designed to provide a solid background in the application of accounting practices together with the knowledge and skills on business fundamentals. Students in the Faculty of Management and Finance, at the end of their second-year first-semester, can opt to enroll in this program provided that they have met the selection criteria stipulated by the Department of Accounting and Finance.

[20] https://mgt.pdn.ac.lk/

[21] http://www.mgt.ruh.ac.lk/index.php

2.2.3.10 University of Sri Jayewardenepura[22]

The University of Sri Jayawardenepura offers the highest number of programs in Accounting, and Finance related fields. It offers a diploma program, advanced diploma program, two undergraduate degree programs, one post-graduate diploma program, two post-graduate degree programs, a post-graduate level research degree program, and a doctor of philosophy program.

Diploma in Computerized Accounting is a one-year program. The program is conducted over two semesters encompassing eight courses of study (course units) and a mini project on accounting software development. During the first semester, students are required to take four-course units and during the second semester, four more course units. The study sessions will include practical work followed by a mini project on accounting software development for three months.

Advanced Diploma in Computer Based Accounting (ADCBA) is also a one-year program. Those who have successfully completed the Diploma in Computer Based Accounting stated above are eligible to apply for this program. This program also is conducted over two semesters encompassing eight-course units.

Bachelor of Science in Accounting (B.Sc. in Accounting (special)) is a four-year program. University states that the program has been specially designed to develop academic and professional competencies to suit a career in the functional discipline of accounting and business management and to engage in research-based studies at the postgraduate level.

Bachelor of Science in Finance (B.Sc. in Finance) at the University of Sri Jayawardenepura is also a four-year program. The university states that the degree program consists of a combination of subjects in the areas of Corporate Finance, Investments, and Financial Markets and Institutions. The curriculum has been designed to provide the essential knowledge, skills, and attitudes necessary to be successful in the growing field of Finance.

Postgraduate Diploma in Applied Finance is a one-year program. The program is meant for graduates and professionals in the early stages of their finance careers in the corporate sector and finance-related industries. The year consists of nine courses including

[22] https://mgt.sjp.ac.lk/

electives. Each course carries three or four credit hours per week and fifteen sessions in a semester.

Master of Science in Applied Finance (M.Sc in Applied Finance) is a two-year program. The M.Sc. in Applied Finance degree program consists of six courses in the first two terms. In the third term, students have the option of submitting the dissertation or studying for four-credit courses. Those who select the dissertation option should complete the dissertation within a period of five months. Those who have completed the Postgraduate Diploma in Applied Finance can complete the program in one year.

Master's Degree in Professional Accounting (MPAcc) is a one-year program. The program encompasses knowledge, competency, and attitudinal aspects from both theoretical and practical points of view that are of relevance for managerial effectiveness and efficiency in organizations.

The Master of Philosophy in Management (M.Phil in Management) is a two-year research program. In addition to research work, the candidate who follows the program should pass all the taught courses and also pass the viva voce examination to qualify for award of the degree.

Doctor in Management (Ph.D. in Management) is a three-year research program. The Ph.D. in Management aims to produce experts whose research is of higher international quality and standards. The structured research training is offered to the students by resource persons who are experts in their fields. The areas of study span from Accounting, Business Economics, Finance, Human Resources, International Business, Management & Organization Studies, Marketing, to Interdisciplinary Studies. Like in the case of the M.Phil program in addition to research work candidate should pass the viva voce examination.

2.2.3.11 Wayamba University[23]

The Wayamba University also offers one undergraduate program in the related field. The four-year program is called **Bachelor of Science in Accountancy and Business Finance**. As per the university the objective of the program is to produce graduates who would be able to; demonstrate a broad knowledge in their field of Accountancy and Business Finance with a multidisciplinary approach, apply theoretical knowledge in practical situations in

[23] http://wwww.wyb.ac.lk/index.php

communication, apply acquired knowledge to define and analyze research, design and conduct scientific inquiry and experimentation in research.

2.2.4 Other Government Institutions

In addition to the government-owned universities, other government institutions also conduct accounting and audit-related education and examinations.

2.2.4.1 Sri Lanka Accountancy Service

The Government of Sri Lanka conducts open competitive examinations to recruit and promote accountants in the Government service. Those who possess required qualifications such as a Degree in Commerce, Management, Accountancy or Economics from a university recognized by the University Grants Commission, a Higher Diploma in Accountancy or Commerce from the Sri Lanka Technical College, Intermediate or Licentiate examination of the Institute of Chartered Accountants of Sri Lanka can sit for the examination. Those who are qualified will be admitted to the Government Accountancy Service.

2.2.4.2 Sri Lanka Audit Service

Like in the case of the Government Accountancy Service, the Auditor General's Department conducts similar examinations in auditing to recruit and promote their Audit Examiners. Qualifications for applying to sit for these examinations are also similar to the Government Accountancy Service Examination.

2.2.4.3 Sri Lanka Institute of Advanced Technological Education[24]

Sri Lanka Institute of Advanced Technological Education conducts a four-year Higher National Diploma course in Accounting (HNDA). The program was started in 1943 and the Public Administration Circular No.46/90 of 1990 recognized the HNDA qualification as an equivalent to a Bachelor of Commerce degree (B. Com) offered by an accredited university, recognized by the UGC of Sri Lanka.

[24] http://www.sliate.ac.lk/

2.2.4.4 Sri Lanka Institute of Development Administration[25]

The Sri Lanka Institute of Development Administration (SLIDA) is the premier public sector training organization in Sri Lanka for the development of knowledge and improvement of skills in Public Administration and Management. SLIDA is a body corporate established under Parliamentary Act No. 09 of 1982. In addition to management training activities, the SLIDA also undertakes Management Consultancy Services and Research to develop identifiable functional areas of management as well as review and improve organizational systems.

Through its School of Postgraduate Studies, SLIDA offers Diploma Programs, Higher National Diplomas, and a Master's Program. These programs are not directly related to the Accounting and Auditing field but have some indirect connections. For example, SLIDA offers a Diploma and a Higher National Diploma in Public Procurement. Its Master's Program is on Public Management.

2.2.5 Private/Non-Government Graduate Schools and Universities

There are three non-government/private universities offering degree programs in the area of Accounting and Auditing in Sri Lanka. One of them is administered by the Institute of Chartered Accountants of Sri Lanka and the second one is the Kaatsu International University. Both of these organizations are approved by the University Grants Commission of Sri Lanka.

2.2.5.1 The Institute of Chartered Accountants of Sri Lanka[26]

The ICASL offers a Bachelor of Science degree in Applied Accounting. Upon completion, students will gain extensive knowledge and required skills in accounting. This is the only degree program in Sri Lanka that enables students to gain knowledge in the field of 'Applied Accounting'. The B.Sc. (Applied Accounting) Degree program is designed under two stages where students can either complete; B.Sc. (Applied Accounting) General Degree - within 3 years or a B.Sc. (Applied Accounting) Special Degree - within 4 years.

[25] http://www.slida.lk/slidatest/index.php?lag=en

[26] https://www.casrilanka.com/casl/index.php?option=com_content&view=article&id=786&Itemid=302

2.2.5.2 Kaatsu International University[27]

Kaatsu International University offers a four-year degree in Bachelor of Management (Honors) in Accounting. Kaatsu claims that the curriculum of this degree program has been designed in accordance with the Bachelor of Management (Honors) in accounting curricula of other Sri Lankan universities and this degree program provides students with knowledge, skills, attitudes, and training in the fields of accounting, auditing, taxation, financial analysis, working capital management, investment analysis, and portfolio management. Kaatsu facilitates an industrial placement for students which will expose them to valuable industry and research experience.

2.2.5.3 Sri Lanka Technological Campus (SLTC)[28]

The Sri Lanka Technological Campus offers a four-year bachelor's program in Business Management (Honors) in Accounting and Finance. SLTC is also a UGC-approved education organization.

2.2.6 Affiliated Campuses of Foreign Universities

Many foreign universities operate degree and other programs in Sri Lanka in the area of Accounting and Auditing through academic collaborations. These programs are not approved or accredited by the University Grants Commission-Sri Lanka. Table 2.2 lists down the Post Graduate Programs Affiliated with Foreign Universities. Likewise, Table 2.3 lists down the Graduate Programs Affiliated with Foreign Universities while Table 2.4 lists down the Other Programs Affiliated with Foreign Universities.

[27] https://www.kiu.ac.lk/course/bachelor-of-management-honours-in-accounting/
[28] https://sltc.ac.lk/

Table 2.2: Post Graduate Programs Affiliated with Foreign Universities

International Academic Collaboration in Sri Lanka	Degree Awarding University	Degree Program	Duration
Bristol Institute of Business Management	The University of the West of England UK	MSc (Accounting & Finance)	1 year
Metropolitan Collage	OTHM UK	Level 7 Diploma in Accounting and Business	1 year

(MSc – Master of Science)

Table 2.3: Graduate Programs Affiliated with Foreign Universities

International Academic Collaboration in Sri Lanka	Degree Awarding University	Degree Program	Duration
American College of Higher Education	Broward University College USA	BSc. Accounting	4 years
Asia Pacific Institute of Information Technology	Staffordshire University UK	BA (Hons) Accounting & Finance	3 years
Bristol Institute of Business Management	The University of the West of England UK	BSc (Hons) Accounting & Finance	3 years
Edulink International Campus	Greenwich University UK	BA (Hons) Accounting & Finance	3 years
Horizon Campus	University of London	BSc. Accounting & Finance	3 years
Human Resource Management Institute	University of Northampton UK	BSc. (Hons) International Accounting	3 years

Imperial College of Business Studies	The University of the West of Scotland UK	BA (Hons) International Business & Finance	3 years
Mercury Institute of Management	University of London UK	BSc. Accounting & Finance	3 years
Metropolitan Collage	Girne American University	BSc. Accounting	3 years
	OTHM UK	Level 6 Diploma in Accounting and Business	1 year
National Institute of Business Management	Coventry University UK	BA (Hons) Professional Accounting	3 years
National School of Business Management	Plymouth University UK	BSc (Hons) Accounting & Finance	3 years
Oxford College of Business	Bedfordshire University UK	BA (Hons) Accounting	3 years
Royal Institute of Colombo	University of London	BSc. Accounting & Finance	3 years
Saegis Campus	Canterbury Christ Church University - UK	BSc. (Hons) Accounting & Finance	3 years
Wisdom Academy	Robert Gordon University - UK	BSc. Accounting	3years/ 01-year Top-up

(BSc – Bachelor of Science, BA – Bachelor of Arts)

Table 2.4:Other Programs Affiliated with Foreign Universities

International Academic Collaboration in Sri Lanka	Awarding Institution	Program	Duration
Association of Accounting Technicians of Sri Lanka Business School	Association of Accounting Technicians of Sri Lanka	Higher Diploma in Accounting & Finance	01 Year
Australian College of Business & Technology	Pearson - UK	BTEC Higher National Diploma in Business (Accounting & Finance)	02 Academic Years - 18 Months
Business Management School	Pearson - UK	BTEC Higher National Diploma in Business (Accounting & Finance)	02 Academic Years - 18 Months
ESOFT Metro Campus	ESOFT Metro Campus	Diploma in Computerized Accounting	03 to 05 Months
IDM Nations Campus	IDM Nations Campus	Diploma in Computerized Accounting	300 Hours
Metropolitan Collage	Organization for Tourism and Hospitality Management UK	Diploma in Accounting and Business	2 years
National Institute of Business Management	National Institute of Business Management	Advance Diploma in Financial & Management Accounting	01 year
		Higher National Diploma in Professional Accounting	01 year
South Asian Institute of	Pearson -UK	BTEC Higher National	02 Academic

Technology & Medicine		Diploma in Business (Accounting & Finance)	Years - 18 Months
Sri Lanka Institute of Advanced Technological Education	Sri Lanka Institute of Advanced Technological Education	Higher National Diploma in Accounting	4 years

3. LEGAL AND REGULATORY ENVIRONMENT

3.1 Overview of the Legal Framework for Accounting and Auditing

The Financial Reporting and Auditing Frameworks in Sri Lanka are governed by a number of laws and regulations. These laws and regulations have established the authorizing and regulatory environment and identified the key players, and applicable standards. Relevant sections of the Constitution of the country and the summary of other key legal enactments are listed below.

3.1.1 The Constitution of the Democratic Socialist Republic of Sri Lanka

The Constitution mandates the Auditor General to audit government-related institutions including government departments, local government authorities, public corporations, state-owned enterprises, business and other undertakings vested in the government, and all companies with fifty percent or more shares held by the government. The mandate is given under section 154 of the Constitution.

The Auditor-General is authorized to appoint a Qualified Auditor to assist him in fulfilling his duties. The Constitution defines the **"***Qualified Auditor"* and states that the qualified auditor should audit the accounts of any public corporation, business, or other undertaking or a company. According to Section 154 (8), "Qualified Auditor" means, an individual who, being a member of the Institute of Chartered Accountants of Sri Lanka, or any other Institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such Institute; or a firm of Accountants each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or any other Institute established by law, possesses a certificate to practice as an Accountant issued by the Council of such Institute.

3.1.2 Accounting and Auditing Standards Act No. 15 of 1995

Accounting and Auditing Standard Act (A&A Act) requires Specified Business Entities (SBEs) to prepare its financial accounts in compliance with the Sri Lanka Accounting Standards and ensure that its accounts are audited according to Sri Lanka Auditing

Standards by a member of the Institute of Chartered Accountants of Sri Lanka (ICASL) who holds a Certificate to Practice. The A&A Act has given authority to ICASL to adopt Sri Lanka Accounting Standards and Auditing Standards. A&A Act has also given the legal background to form the Accounting Standard Committee and Auditing Standard Committee to assist ICASL to adopt Standards. The A&A Act also established the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) as an oversight body to monitor compliance with accounting and auditing standards by SBEs.

3.1.3 Banking Act No. 30 of 1988

The Banking Act is applicable for licensed commercial banks and licensed specialized banks such as National Savings Banks, Regional Development Bank, etc. in Sri Lanka. The Banking Act outlines the financial reporting requirements for the preparation and the audit of the bank's financial statements. It also recognizes the Central Bank of Sri Lanka (CBSL) as the regulator of the Banking Sector and allows CBSL to enforce additional reporting and auditing requirements.

3.1.4 Companies Act No.07 of 2007

The Companies Act prescribes the accounting, auditing, and publication requirements for companies incorporated under the Companies Act and covers the mandatory obligation of companies to prepare the financial statements for individual entities. Section 148 and 149 of the Companies Act details out the need to keep accounting records. Section 150 to 153 provides the duty of the institutions established under the Companies Act to prepare Financial Statements. Section 154 to 165 highlights the requirements of the audit and how it should be done. Section 157 identifies two categories of auditors namely (i) members of the ICASL who can attend to the audit of any Company registered under the Companies Act and (ii) registered auditors those who can audit only private companies or companies limited by guarantee.

3.1.5 Finance Act No. 38 of 1971

Finance Act stipulates financial obligations, together with accounting and auditing requirements of Public Corporations. Section 13 of the Finance Act highlights the accounting and auditing requirements of Public Corporations and provides the authority to the Auditor General to audit every public corporation.

3.1.6 Finance Business Act No. 42 of 2011

Finance Business Act (FB Act) applies to non-banking companies involved in finance businesses and recognizes CBSL as the regulator for such Finance Companies. FB Act provides for the regulations of finance businesses and recognizes CBSL to prescribe additional financial reporting and auditing requirements for the companies under the purview of the Act. Part iv (Section 26 to 30) of the FB Act highlights the accounting and auditing requirements of companies covered under the Act.

3.1.7 Inland Revenue Act No. 24 of 2017

The Inland Revenue Act (IR Act) provides for the imposition of Income Tax. Section 120 requires all taxpayers engaged in businesses or investments to keep accounting records sufficient to ascertain profits/gains or losses incurred. Furthermore, the section requires that a taxpayer shall have his/her accounts prepared by an approved accountant and the form by which an approved accountant shall attest to the accuracy and completeness of the accounts prepared shall be prescribed by regulations. Section 195 defines the 'Approved Accountant' as; (a) an accountant who is a member of ICASL; or (b) where the turnover of the business of the person or partnership for the year does not exceed one hundred million rupees, an accountant who is a fellow member of the Association of Accounting Technicians of Sri Lanka incorporated under the Companies Act No. 7 of 2007.

3.1.8 Institute of Chartered Accountants Act No. 23 of 1959

The Institute of Chartered Accountants Act (ICASL Act) provides for the establishment of the ICASL. The objectives of the ICASL Act are to promote in general the theory and practice of accountancy and in particular, auditing, financial management, and taxation.

The ICASL Act stipulates the rules and regulations relating to the admission to membership of the institute, practicing as an accountant, disciplinary procedures of the members, and powers of the Council (Section 9) including the issuance of the Sri Lanka Accounting and Auditing Standards.

3.1.9 Institute of Certified Management Accountants of Sri Lanka Act No. 23 of 2009

The Institute of Certified Management Accountants of Sri Lanka Act formed the Institute of Certified Management Accountants stipulates the rules and regulations relating to the admission to membership of the institute, disciplinary procedures of the members, and powers of the Council including the issuance of guidelines and standards in Management Accounting for the members of the Institute.

3.1.10 Microfinance Act No. 06 of 2016

Licensed Micro Finance Companies are under the purview of this Act and recognizes CBSL as their regulator. It authorized CBSL to impose additional financial and auditing requirements for the companies under the purview of the Act. Section 14 of the Act details the requirements relating to the preparation of financial statements and its audit.

3.1.11 Monitory Law Act No. 58 of 1949

The Monetary Law Act establishes the monetary system of Sri Lanka and the Central Bank, to administer and regulate the system and to confer and impose upon the Monetary Board of the Central Bank powers, functions, and responsibilities necessary for such Administration and Regulation, and to provide for connected matters. Chapter II, Part VI provides regulations for the preparation of profits, losses and special accounts of the Central Bank of Sri Lanka and Part VII states the Audit requirements. Accordingly, the accounts of the Central Bank shall be audited by the Auditor-General and the cost of the audit shall be paid by the bank (Section 42 (1)).

3.1.12 National Audit Act No. 19 of 2018

The National Audit Act provides for the powers, duties, and functions of the audit service commission; the establishment of the office of the national audit and the Sri Lanka state audit service; and to specify the role of the Auditor-General over public finance. The Act details the relevant standard for Auditing and the scope of the work of the Auditor-General.

3.1.13 Securities and Exchange Commission Act No. 36 of 1987

The Securities and Exchange Commission of Sri Lanka was established under this Act. It empowered the Commission to

formulate rules required for ensuring orderly and fair trading in securities and protection of investors' interests. This includes proper maintenance of books, records, accounts, and audits by a licensed stock exchange, licensed stockbroker, licensed stock dealer, licensed managing company of a unit trust or a registered market intermediary, and regular reporting of affairs by such licensed stock exchange, licensed stockbroker, licensed stock dealer, licensed managing company or registered market intermediary to the Commission.

3.1.14 Regulation of Insurance Industry Act No. 43 of 2000

The Regulation of Insurance Industry Act empowers the Insurance Board of Sri Lanka to stipulate obligations for the preparation and audit of insurance companies' financial statements and regulations for the audit of the financial statements. Section 8 of the Act stipulates the need for audit of the Insurance Board while Section 47 gives the requirement of audit of the accounts of an insurer.

3.2 Standard Setting, Implementation, Monitoring

3.2.1 Sri Lanka Accounting Standards

The Accounting Standards Committee formed, is empowered, under Section 8 of the A&A Act, to make recommendations and otherwise assist the ICASL in the adoption of accounting standards. ICASL acts as the secretariat to the Accounting Standard Committee.

As stated in Section 8, the composition of the Accounting Standards Committee, is as follows:

The Accounting Standards Committee consists of twelve members.

- Six members nominated by ICASL
- The Registrar of Companies,
- The Director-General of the Securities and Exchange Commission of Sri Lanka
- A nominee of the Central Bank of Sri Lanka
- A nominee of the Sri Lanka Division at the Chartered Institute of Management Accountants (UK),
- A nominee of the Ceylon Chamber of Commerce; and
- A nominee of the Federation of Chambers of Commerce and Industry of Sri Lanka.

The existing accounting standards of the country are revisited regularly by the Accounting Standards Committee to amend, revise

or alter whenever necessary. Furthermore, when the International Accounting Standards Board (IASB) issues International Financial Reporting Standards (IFRSs) or Interpretation, the Accounting Standards Committee reviews the Standard and related technical materials and recommends them to the Council of ICASL for adoption as the Sri Lanka Accounting Standards (SLFRSs/ LKASs). Such recommendations are adopted by the Council of ICASL under Section 2 of the A&A Act. These amendments, revisions, or alterations to the standards are published in the Gazette and disseminated by ICASL to the public. Details of the accounting standard-setting process is given in Chapter 5 of this Book.

3.2.2 Sri Lanka Auditing Standards

As in the case of Sri Lanka Accounting Standards, the Auditing Standards Committee formed, is empowered, under Section 9 of the A&A Act, to make recommendations and assists the ICASL in the adoption of auditing standards. The composition of the Auditing Standards Committee is stated in Section 9 of the A&A Act. It consists of eight members. Four of them are nominated by ICASL and the remaining four members are nominated by the Accounting Standards Committee.

When the International Federation of Accountants (IFAC) issues International Standards on Auditing (ISAs) or other pronouncements through the International Auditing and Assurance Standards Board (IAASB), the Auditing Standards Committee in Sri Lanka reviews the Standard and related technical materials and recommend them to the Council of ICASL for adoption as the Sri Lanka Auditing Standards (SLAuSs). Such recommendations are adopted by the Council of ICASL under Section 3 of the A&A Act. Details of the auditing standard-setting process is given in Chapter 7 of this Book.

4. THE ACCOUNTING PROFESSION

4.1 Introduction - Accounting as a Profession

Accountancy in Sri Lanka is a highly developed and vibrant profession. Nearly ninety-five percent of the qualified professional accountants in Sri Lanka work as Accountants or Finance Managers. The balance five percent has selected Auditing as a Profession. Only a handful of professionally qualified Accountants works in the public sector. The rest is attached to the private sector.

Members of the accountancy profession contribute to their communities in a wide variety of roles. Professional accountants work in virtually all sectors of the economy. They work in large, medium, and small firms. They also work within the commercial, industrial and financial enterprises, non-profit organizations, and public sector entities, including academic institutions. Professional accountants, therefore, contribute to all sectors of the economy.

4.2 The Accountant's Role and Responsibility

The roles that professional accountants play, in whichever sector of the economy they work in, are very diverse. They work in the areas of accounting financial reporting, management, taxation, information systems, corporate finance, and business intelligence. Many also serve as academics in a wide range of educational institutions. Therefore, professional accountants contribute to the growth of the economy by serving in various business sectors. Also, the Accountant plays an important role that contributes to the overall stability of the organization that he works for and ultimately to the society.

The International Federation of Accountants (IFAC) in its publication "The Roles and Domain of the Professional Accountant in Business"[1] outlined the key areas where a professional accountant in business could be engaged in different roles. Professional Accountants could play the role of a partner in business with their expertise. Their role is not confined only to an Accountant or a Finance Officer. The following chart highlights the Chief Finance Officer's role and how he could contribute to different areas of a business.

[1] The Roles and Domain of the Professional Accountant in Business, IFAC, 2005

Figure 4.1 The Roles and Domain of the Accountant

Source: The Roles and Domain of the Professional Accountant in Business, IFAC, 2005.

Accountants generally work in-house and are responsible for managing the finances of the organization and ultimately responsible for keeping relevant financial records and the preparation of Financial Statements of the organization following the Accounting Standards in force. However, some organizations prefer to outsource the data recording and preparation of Financial Statements to a third party. This is a cost-effective method for most small and medium-size businesses.

Some of the key responsibilities of Accountants are their contribution towards the efficient allocation and management of resources, their support to the employer in attracting investment, and accessing credits through the provision of transparent financial information.

4.3 Accountants' Independence and Liability

Professional accountancy organizations generally prescribe ethical requirements for their members. Such obligations are commonly known as the Code of Ethics for Professional Accountants. Accountants as members of Professional bodies are bound to follow ethical rules and regulations of the Professional body. If a person violates such a rule or regulation the Professional body could take disciplinary action against the member.

Apart from the ethical requirement listed in the Code of Ethics, Accountants are bound by other directions issued by various Regulators and Authorities such as The Securities and Exchange Commission, The Central Bank, and the Department of Inland Revenue. Accountants are expected to report the non-adherence of rules and regulations to relevant authorities. Non-adherence or violation of such rules and regulations may lead to criminal and/or civil liabilities in the hands of the accountant.

4.4 Reporting Requirements

Professional accountants often find themselves being at the frontline of safeguarding the integrity of financial reporting. Though the Accountants are primarily responsible to report to the Chief Executive Officers (CEO) of the organization that they work on, their reports are being used by a variety of stakeholders.

4.5 Accounting Firms

Most individuals and firms registered as practicing members/firms provide both Accountancy Services as well as Audit Services. However, Auditing Standards prohibit the same person from preparing financial statements and providing audit services. Some practicing firms do have a separate arm providing Accountancy and Consultancy services to clients. Larger practicing firms can afford to have such a system but smaller firms find it difficult to provide separate services of Accountancy and Auditing.

4.6 Selecting Accountancy as Career

Generally, accountancy is a common career choice for those with an analytical mindset and a willingness to work with businesses or financial data. However, as stated in para 4.2 above, accounting as a profession has a much wider scope stemming from a partner of business to the nation's development.

If someone wants to select Accountancy as his/her career, it is not a must to select the so-called commerce stream during secondary schooling. The beauty of this career is that one can enter into it at various points such as before the General Certificate of Education - Ordinary Level (GCE(O/L)), after GCE(O/L), or even after completing the General Certificate of Education - Advanced Level (GCE(A/L)). For example, if one wants to get into Accountancy as his/her career after GCE(O/L), the person with any six passes of GCE(O/L) can register for the examinations of the Association of Accounting Technicians of Sri Lanka (AATSL). Then after completing

AATSL, he/she could continue to do higher professional examinations such as Chartered Accountancy or Management Accountancy.

Likewise, those who have three passes at the GCE (A/L) Examination together with a Pass in English Language and Mathematics at the G.C.E. O/L Examination could register for the examinations at the Institute of Certified Management Accountants of Sri Lanka (ICMA). Similarly, those with three simple passes at GCE(A/L) in any stream at one sitting could register for the examinations at the Institute of Chartered Accountants of Sri Lanka (ICASL).

One other reason for selecting Accountancy as a career could be the benefits package. Generally, Accountants get paid more than most of the other professions. The Salary Explorer estimates the average salary of a person in Sri Lanka in March 2021 as Rs 89,800 per month against the average salary of an accountant in Sri Lanka as Rs 92,400 per month[2]. This is just an indicative figure to prove that an Accountant will get paid more than others. Perhaps this difference and higher pay could be due to simply the demand and supply. The service of a professional accountant is needed in any organization while the service of other professionals may be required by a limited number of organizations.

Another key advantage of the career path in accounting is the ability to get employment in countries outside of Sri Lanka. As the Accounting Profession is compatible with the rest of the world and international standards, one can find career opportunities outside the country much more easily than other professions.

[2] http://www.salaryexplorer.com/salary-survey.php?loc=204&loctype=1&job=4&jobtype=1

5. ACCOUNTING STANDARDS IN SRI LANKA

5.1 Introduction

This chapter presents an overview of Sri Lankan accounting standards both in the private and public sector. It provides, in brief, the context of the Standard-Setting Process; the formation of the Accounting Standards Committee; the extent to which the accounting standards are in convergence with International Financial Reporting Standards (IFRS), and an overview of the public sector accounting standards.

5.2 Private Sector

5.2.1 What Constitutes Sri Lanka's Accounting Standards in the Private Sector

Accounting Standards in Sri Lanka are commonly referred to by the term SLFRSs. However, Accounting Standards in Sri Lanka comprises both Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lankan Accounting Standards (LKAS). LKAS was initially known as SLAS and after 2012, the Institute of Chartered Accountants of Sri Lanka (ICASL) started identifying it as LKAS. SLFRS are standards that correspond to IFRS and LKAS are standards that correspond to International Accounting Standards (IAS). IAS were issued by the antecedent International Accounting Standards Council (IASC) and endorsed and amended by the International Accounting Standards Board (IASB). IASB no longer issues any new IAS and the new standards issued by IASB are known as IFRS.

In addition, ICASL has adopted all pronouncements issued by the International Financial Reporting Interpretations Committee (IFRIC) and interpretations issued by the Standard Interpretation Committee (SIC) of the IASB. IFRIC and SIC are interpretations of IFRS. ICASL has sole authority to adopt any requirement stipulated under IFRIC and SIC. Accounting Standards in Sri Lanka further comprises Statements of Recommended Practices (SoRPs) (Please refer to para 5.2.7), Statement of Alternate Treatment (SoATs) (Please refer to para 5.2.8), and Financial Reporting Guidelines issued by the ICASL.

A list of Accounting Standards in force in Sri Lanka is given in Appendix 2.1 and Pronouncements issued to assist the implementation of Sri Lankan Accounting Standards are listed in Appendix 2.2.

5.2.2 Legality

Before 1970, Sri Lankan financial reporting requirements were based upon the prescriptions of the Companies' Ordinance of Ceylon, contemporary United Kingdom (UK) legislation, and the recommendations of the Institute of Chartered Accountants of England and Wales (ICAEW). On 1 April 1970, ICASL issued the first Sri Lankan Accounting Standard on the treatment of dividends'. As stated in para 5.2.1 above, these standards were initially known as SLAS and later referred to as LKAS. The use of SLAS was not legally mandated and they were meant to be only for publicly quoted companies, financial institutions, and insurance companies.

Several Sri Lankan finance companies collapsed in the late 1980s and early 1990s. Many small depositors lost their savings and significant fiscal costs were incurred in bailouts. In response, the Government established the Presidential Commission on Finance and Banking to investigate and strengthen financial sector arrangements. Among other things, the Commission recommended that international accounting and auditing standards be adopted to improve financial disclosure. In keeping with the recommendations of the Presidential Commission on Finance and Banking referred above, Sri Lanka Accounting Standards are directly based on the IAS.

To this end, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 (A&A Act) was developed by government officials, the accountancy profession, and representatives from the commercial and financial sectors. Together with subsidiary regulations, the A&A Act defines certain enterprises as Specified Business Entities (SBEs) and governs the preparation, presentation, and audit of financial statements of SBEs for periods commencing on or after 1 January 1999. As per Section 5 of the A&A Act, it is mandatory for SBEs to apply Sri Lanka Accounting Standards and prepare their financial statements accordingly. A&A Act empowers ICASL to adopt suitable accounting standards from time to time. These standards have legal effect once they have been published in the Gazette. Accounting standards relating to banks must have the concurrence of the Banking Supervision Department of the Central Bank.

The following have been defined as SBEs by the A&A Act and Regulations made under it:

- Companies licensed under the Banking Act No. 30 of 1988;
- Companies authorized under the Control of Insurance Act No. 25 of 1962 to conduct insurance business;
- Companies carrying on leasing businesses;
- Factoring companies;
- Companies registered under the Finance Companies Act No. 78 of 1988;
- Companies licensed under the Securities Act No. 36 of 1987 to operate unit trusts.
- Fund Management Companies;
- Companies licensed under the Securities Act No.36 of 1987 to conduct business as Stockbrokers or Stockdealers;
- Companies licensed under the Securities Act No. 36 of 1987to operate a Stock Exchange;
- Companies listed in a Stock Exchange licensed under the Securities Act No. 36 of 1987;
- Other Companies, which: have a turnover exceeding LKR 500 Million; at the previous fiscal year-end had shareholders' equity exceeding LKR 100 Million; at the previous fiscal year-end had gross assets above LKR 300 Million; at the previous fiscal year-end had liabilities to banks and other financial institutions exceeding LKR 100 Million, or have a staff cadre exceeding 1,000;
- Public Corporations engaged in the sale of goods or the provision of services; and
- A group of companies, any one of which falls within any of the above categories. For this purpose, a group of companies" means a holding company and its subsidiaries, the accounts of which have to be consolidated under Section 147 of the Companies Act No. 17 of 1982.

The A&A Act also established the independent body called "Sri Lanka Accounting and Auditing Standards Monitoring Board" (SLAASMB) to monitor SBEs compliance with Accounting Standards.

ICASL adopts and promulgates Sri Lanka Accounting Standards in accordance with Section 2 of the A&A Act. After ICASL adopts Accounting Standards they need to be published in the Gazette to become effective.

ICASL is a member body of the International Federation of Accountants (IFAC) which is the global organization for the

accountancy profession. It is also a condition of IFAC membership that the ICASL works towards the implementation of IAS and IFRS.

Power to vary and amend the Accounting Standards

The ICASL shall on the recommendation of the Accounting Standard Committee, whenever necessary revise, alter, and amend the Sri Lanka Accounting Standards adopted by it under A&A Act and shall cause such revised, altered, or amended standards to be published in the Gazette, and such revisions, alterations, and amendments shall become effective from and after the date of such publication or such later date as may be specified therein.

It is the responsibility of the ICASL to notify the public of the Sri Lanka Accounting Standards and of the revisions, alterations, and amendments made thereto, by notice published in the Gazette or such other manner as is calculated to give publicity thereto.

5.2.3 Accounting Standards Committee

The Accounting Standards Committee (ASC) was established to undertake the accounting standard-setting process as required by the A&A Act. The ASC comprises 12 members, who are drawn from professional accountancy bodies, regulatory bodies, and user groups. Para 3.2.1 highlights the composition of this Committee. Members are appointed for four-year terms under Section 10(2) of the A&A Act. Currently, ICASL administers the activities of ASC, and part of the financial requirements of administering ASC's is provided to ICASL through SLAAMB.

The A&A Act has empowered the Accounting Standards Committee to recommend the Sri Lanka Accounting Standards for adoption in Sri Lanka through the Council of ICASL. The first Committee under the Act was established in June 1996. Within six months it had reviewed the IAS Framework and all IAS (up to IAS 27) and published a book of Sri Lankan Accounting Standards. Since then ASC is meeting regularly and recommending the adoption of accounting standards in the country.

5.2.4 Standard Setting Process

The objectives of the standard-setting process of the ASC and ICASL are:

a) To develop, in the public interest a set of high quality, understandable and enforceable accounting standards that

require high quality, transparent and comparable information in financial statements and other financial reporting to help users of the information to make economic decisions;

b) To promote the use and rigorous application of those standards;

c) In fulfilling the objectives associated with (a) and (b), to take account of, as appropriate, the special needs of small and medium-sized entities; and

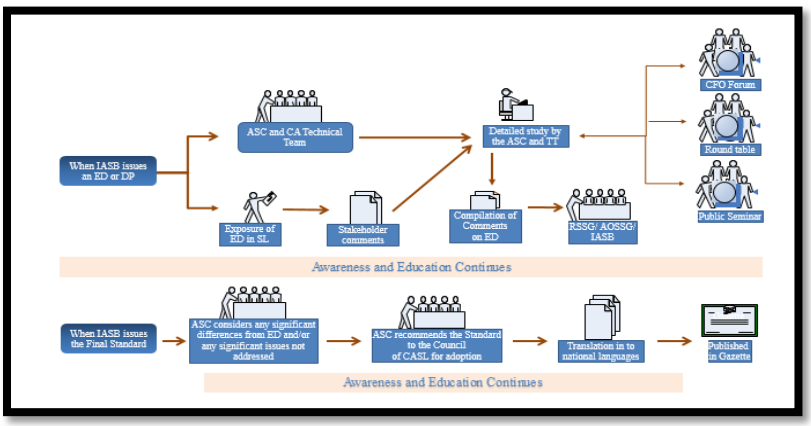
d) To bring about a convergence of Sri Lanka Accounting Standards and IFRS to produce high-quality solutions.

To achieve the above objectives, the standard-setting process described below is being followed.

When IASB issues a new Standard or an amendment to an existing Standard, ASC appoints a subcommittee to study the consequences of it in the Sri Lankan setup. Based on the recommendations of the subcommittee, ASC recommends to the Council of ICASL whether to adopt the Standard in full or with amendments suitable to the local conditions. The Council of ICASL adopt it and refer to publish it as a Gazette after which the document becomes legal.

The above process is graphically shown in the following figure.

Figure 5.1 Accounting Standard Setting Process



5.2.5 Convergence with International Private Sector Accounting Standards

Having decided to converge fully with all pronouncements issued by the IASB and thereafter to adopt all pronouncements issued by the IASB, the journey towards IFRS started in 2012. The IFRS convergence was done to achieve the high level of comparability of

IFRS-compliant Financial Statements in Sri Lanka and in turn which may lead to the reduction of the risk premium of the cost of capital and encourage foreign direct investments to accelerate economic growth.

Applying the full version of Sri Lanka Accounting Standards is mandatory for the SBE. As a transitional relief, some IFRS were adopted in Sri Lanka by giving extra time to fully converge with the relevant standard.

With the IFRS convergence, Sri Lanka has applied the same numbering as per IFRS and IAS in their applicable accounting standards. With certain minor adjustments all IFRS were renamed as SLFRS and all the IAS were renamed as LKAS. Since IFRICs and SICs are necessary for the proper implementation of IFRS, ICASL has adopted those as well in the Sri Lankan context. Now it is part and parcel of Sri Lanka's financial reporting framework. ICASL annually publishes a Bound Volume of all SLFRS and LKAS.

The first such SLFRS Bound Volume issued was in 2011 and was in line with IFRS 2009. Thereafter, upon performing a gap analysis between IFRS 2009 Bound Volume and IFRS 2011 Bound Volume, ICASL adopted all the changes and issued a Bound Volume of SLFRSs in 2012, to be in line with IFRS 2011 Bound Volume. Subsequently, in 2013, ICASL issued the SLFRS 2013 Bound Volume, adopting the IFRSs contained in 2012. The next SLFRS Bound Volume incorporated all the revised Accounting Standards that have been adopted as of 2014. SLFRS Bound Volumes issued in 2016, 2017,2018, 2019, and 2020 were in line with the IFRS Bound Volume edition published in 2016, 2017, 2018, 2019, and 2020.

Appendix 2.3 highlights the comparison of Sri Lanka Accounting Standards with the International Standards.

5.2.6 Accounting for Small and Medium Enterprises and Smaller Entities

Small and Medium-sized Entities (SMEs) and Smaller Entities (SEs) often produce financial statements only for the use of owner-managers or only for the use of tax authorities or other governmental authorities. SMEs and SEs do not have public accountability and they publish general purpose Financial Statements for external users such as owners who are not involved in managing the business, existing and potential creditors, and lending organizations.

An entity considered to have public accountability when its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (most banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks would meet this second criterion). Some entities may also hold assets in a fiduciary capacity for a broad group of outsiders because they hold and manage financial resources entrusted to them by clients, customers, or members not involved in the management of the entity. However, if they do so for reasons incidental to a primary business (as, for example, maybe the case for travel or real estate agents, schools, charitable organizations, co-operative enterprises requiring a nominal membership deposit and sellers that receive payment in advance of delivery of the goods or services such as utility companies), that does not make them publicly accountable.

ICASL has issued two Accounting Standards to cover SMEs and SEs. They are called (i) SLFRS for Small and Medium Enterprises (SMEs), and (ii) SLFRS for Smaller Entities (SEs).

5.2.6.1 SLFRS for SMEs

Sri Lanka Accounting Standards for SMEs is adopted by the ICASL to assist SMEs. The term SME for this purpose is defined and explained in Section 1 of the Standard. Sri Lanka Accounting Standards for SMEs is a self-contained standard tailored for the needs and capabilities of smaller businesses. Principles used in SLFRSs for recognizing and measuring assets, liabilities, income, and expenses have been simplified in the Sri Lanka Accounting Standard for SMEs. Likewise, topics not relevant to SMEs have been omitted, and the number of required disclosures has been significantly reduced aiming to minimize the reporting burden for SMEs.

The SLFRS for SMEs has been originated from and in line with the IFRS for SMEs. ICASL has adopted the SLFRS for SMEs with effect from 01st January 2012 that could be applied by the entities who do not have public accountability and publish general purpose financial statements for external users.

This Standard is not meant for a publicly accountable entity and if an SME uses this Standard, its financial statements shall not be described as conforming to the general SLFRS to be used by publicly

accountable entities. A subsidiary whose parent uses full SLFRS, or that is part of a consolidated group that uses full SLFRS, is not prohibited from using this Standard in its financial statements if that subsidiary by itself does not have public accountability.

If a parent entity by itself does not have public accountability, it may present its separate financial statements according to this Standard, even if it presents its consolidated financial statements in accordance with full SLFRS or another set of a generally accepted accounting principle (GAAP), such as its national accounting standards. Any financial statements prepared following this Standard shall be clearly distinguished from financial statements prepared in accordance with other requirements.

5.2.6.2 SLFRS for Smaller Entities

With effect from 1st Jan 2016, ICASL has introduced a Sri Lanka Accounting Standard for Smaller Entities (SLFRS for SEs) intending to provide a further simplified financial reporting standard that could be cost-effectively used by SEs. The requirements stated in SLFRS for SEs recognize the size, level of complexity, availability of resources, and their effect on cost-effectiveness in the preparation and presentation of financial statements of smaller entities. Hence, the principles of presentation, recognition, and measurement stated in this standard are simpler than those stated in SLFRS and SLFRS for SMEs.

5.2.7 Statement of Recommended Practices (SoRP)

Statements of Recommended Practices (SoRP) are developed in the public interest and set out currently as the best accounting practice. SoRP is intended to supplement accounting standards and other legal and regulatory requirements to reflect transactions or circumstances that are unique within specialized industries or sectors. SoRPs are issued on subjects on which it is not considered appropriate to issue an accounting standard at the time. The following SoRP are issued by ICASL and effective as of May 2021:

- SoRP for Insurance Contracts
- SoRP for Merger Accounting for Common Control Combinations
- SoRP for Not-for-Profit Organizations (including Non-Governmental Organizations)

In addition to the above some illustrative notes were issued on the following:

- IFRS Convergence - Insurance
- Updated General Illustrative Notes
- Updated Illustrative Financial Statements - Insurance Industry
- Illustrative Segmental Information
- Illustrative Financial Statements for Not-for-Profit Organizations

5.2.8 Statements of Alternative Treatment (SoAT)

Statements of Alternative Treatment (SoAT) are issued by ICASL to commend an alternate treatment, where Sri Lanka Accounting Standards prescribe another treatment to be followed in accounting for a particular transaction or event. The following SoAT are issued by ICASL and effective as of May 2021.

- SoAT on Accounting for Super Gain Tax
- SoAT on Comparatives for Interim Financial Reporting
- SoAT on Revaluation Option for SMEs
- SoAT on Right-to-use of Land on Lease
- Rulings on Bearer Biological Assets, Comparative Figures in the Interim FS and Application of IFRIC 15

5.2.9 Financial Reporting Guidelines

Financial Reporting guidelines are issued by ICASL in order to provide further guidance or clarification on a particular transaction or event that would lead to providing transparent and comparable information in general purpose financial statements. The following Financial Reporting Guidelines are issued by ICASL effective as of May 2021.

- Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12
- Identification of Elevated Risk Industries for the assessment of ECL in line with SLFRS 9
- Accounting Considerations of the COVID 19 Outbreak (updated on 11th May 2020)
- SLFRS 16 - Leases
- SLFRS 15 Revenue from Contracts with Customers-Real Estate Sector
- SLFRS 9 Financial Instruments
- Impairment of an Investment in a Listed Equity Instrument

- Reinstatement of Fully Depreciated Assets in the Statement of Financial Position
- Valuation of PPE, IP, and BA for the purpose of Financial Reporting
- Segregation of Insurance Business
- Application of Tax Rates in Measurement of Deferred Tax
- Deferred Tax Ruling for BOI Companies

5.3 Public Sector

5.3.1 What Constitutes Sri Lanka's Accounting Standards in the Public Sector

Accounting standards are required to maintain uniform and quality financial statements in any organization. They are intended to provide a framework and basis for improving governmental accountability and transparency through improved accounting and financial reporting. Formulation and implementation of standards contribute a lot to the public sector with the following benefits:

- Improvement in financial management and financial discipline;
- Improvement in quality and reliability of financial reporting of the government Institutions;
- Improvement in financial and economic performances;
- Harmonizing between economic and financial reporting requirements; and
- Ensuring accountability, transparency, and good governance in the sector.

However, the public sector in Sri Lanka is diversified and complex. It consists of all Government Ministries and Departments, Provincial Councils, Local Authorities, and State-owned Enterprises (SoE), etc. Public sector entities follow widely different financial reporting practices. To explain what constitutes public sector accounting standards, we need to categorize the public sector into three categories. They are (i) Central Government, Provincial Governments and Local Authorities; (ii) Public Corporations/SoEs engaged in the sale of goods or the provision of services; and (iii) Other government-owned institutions and boards such as non-profit making statutory authorities and, universities, etc.

5.3.1.1 Accounting Standards followed by the Government

The Central Government, Provincial Governments and Local Authorities prepare their financial statements by following "Generally Accepted Accounting Principles". The Auditor-General in his report to the Parliament and public, confirms annually that the Government's financial statements are prepared according to "Generally Accepted Accounting Principles". The financial statements of the Government do not refer to any local or international accounting standard.

Furthermore, the Government prepares its financial Statements by using the Cash and Modified Cash accounting method, not by using the Accrual method. All international and local accounting standards both in the public and private sector except that the International Public Sector Accounting Standards (IPSAS) for Financial Reporting Under Cash Basis of Accounting are based on the basic accounting concept of Accrual Accounting. The IPSAS for Financial Reporting Under Cash Basis of Accounting is not formally adopted in Sri Lanka.

5.3.1.2 Accounting Standards followed by SoEs Engage in Sale of Goods or Services

Like in the case of the private sector, by law, the Public Corporations/ SoEs engaged in the sale of goods or provision of services are expected to follow the Sri Lanka Accounting Standards issued by the ICASL. Details of the setting and adopting Sri Lanka Accounting Standards are given in para 5.2 above.

5.3.1.3 Accounting Standards followed by Other Public Institutions and Boards

All Public Institutions and Boards that do not fall under para 5.3.1.2 above are expected to follow Sri Lanka Public Sector Accounting Standards (SLPSASs). The objective of the SLPSAS is to serve the public interests by developing high-quality public sector financial reporting standards and by facilitating the convergence of international and national standards, thereby enhancing the quality and uniformity of financial reporting in conformity with global standards.

5.3.2 Legality

Constitutional provisions, the Appropriation Act, Financial Regulations, Finance Act No 38 of 1971, and other specific Acts of

Parliament govern the preparation of general-purpose financial statements by public sector entities. These regulations stipulate the annual and periodical reporting requirements of government institutions and regulatory bodies.

Section 12 of the Finance Act (No. 38 of 1971) provides provisions on Accounts of a public corporation. Accordingly, a public corporation shall cause proper accounts of the income and expenditure, assets and liabilities, and all other transactions of the corporation to be kept. A public corporation shall prepare an annual statement of accounts and statistics relating to the activities of the corporation in such form and containing such particulars as, in any case where the appropriate Minister is the Minister of Finance, the appropriate Minister may from time to time specify or in any case where the appropriate Minister is not the Minister of Finance, the appropriate Minister may from time to time specify with the concurrence of the Minister of Finance.

As indicated in para 5.2.2, section 5 of the A&A Act, it is mandatory for SBEs to apply Sri Lanka Accounting Standards and prepare their financial statements in accordance with them. The same A&A Act lists all Public Corporations/SoEs engaged in the sale of goods or provision of services under SBEs. Hence, such public sector organizations should follow the Sri Lanka Accounting Standards.

Public Enterprise Circular – PEC 54 dated 19 January 2010, was issued to all Secretaries to Ministries and Chairmen of Statutory Boards and Local Authorities to mandate Sri Lanka Public Sector Accounting Standards. Hence, the Hon. Minister of Finance and Planning has given his concurrence for the above entities to apply such standards as per Section 8 (3) for budgetary purposes and Section 12 of the Finance Act No. 38 of 1971.

5.3.3 Public Sector Accounting Standards Committee

As detailed in para 2.1.2.1 the Association of Public Finance Accountants of Sri Lanka (APFASL) was formed to improve public sector financial reporting. For this purpose, the Public Sector Accounting Standards Committee (PSASC) was formed. The committee consists of members of ICASL and senior officers nominated by the Ministry of Finance & Planning.

The objectives of PSASC are to serve the public interest by developing high-quality public sector financial reporting standards and by facilitating the convergence of international and national standards, thereby enhancing the quality and uniformity of financial

reporting in conformity with global standards. PSASC achieve this by:

- Issuing SLPSAS;
- Promoting acceptance of these standards by the public sector in Sri Lanka; and
- Publishing other documents which provide guidance on issues and experiences in financial reporting in the public sector.

PSACS recommended and The Council of ICASL issued the first set of SLPSAS in 2009. Four SLPSAS were issued in 2009 and they were effective for annual financial periods beginning on or after 01 January 2011. Subsequently, another six SLPSAS were issued in 2012 and were effective for annual financial periods beginning on or after 01 January 2014. Finally, ten more SLPSAS were issued in 2017 and effective for annual financial periods beginning on or after 01 January 2018. A complete list of SLPSAS is listed in Appendix 3.

5.3.4 Standard Setting Process

The process followed by the PSACS in setting SLPSAS is listed below.

- Study of the public sector accounting requirements, practice and an exchange of views about the issues with public sector officials;
- Consideration of pronouncements issued by; The IASB, Regulatory authorities and other authoritative bodies, Professional accounting bodies, and other organizations interested in financial reporting in the public sector;
- Formation of steering committees (SC), or subcommittees under PSASC to provide input to the ICASL on this project;
- Publication of an exposure draft for public comment usually to provide an opportunity for those affected by the ICASL's pronouncements to present their views before the pronouncements are finalized and approved by the ICASL, where necessary.
- Consideration of all comments received within the comment period on discussion documents and Exposure Drafts, and to make modifications to proposed Standards as considered appropriate in the light of the ICASL's objectives; and
- Publication of a SLPSAS which includes a Basis for Conclusions, if any, that explains the steps in the ICASL's due process and how the ICASL reached its conclusions by

taking suggestions from the Steering Committees, Project Advisory Panels, and other Subcommittees.

The Council of ICASL has delegated the responsibility for carrying out the necessary research and for preparing Exposure Drafts of proposed Standards and guidelines or drafts of studies to PSASC or subcommittees of PSASC.

5.3.5 Convergence with International Public Sector Accounting Standards

The International Public Sector Accounting Standards Board (IPSASB) of the IFAC has developed a core set of accrual-based IPSAS and a comprehensive IPSAS on the Cash Basis of Accounting. ICASL, as a member of the IFAC, is committed to the IFAC mission of development and enhancement of accounting standards. As a condition of its membership of IFAC, ICASL is obliged to support the work of IPSASB by informing its members of IPSAS to work towards implementation to the extent possible.

Sri Lanka Public Sector Accounting Standards have been formulated, by the PSASC of ICASL in line with the IPSAS issued by the IPSASB of the IFAC and are published jointly by ICASL and the Ministry of Finance & Planning. The SLPSAS are designed to apply to the General-Purpose Financial Statements of all public sector entities that adopt the accrual basis of accounting.

Refer to Appendix A.3.1 for the list of public Sector Accounting Standards issued in Sri Lanka and in effect. Also, refer to Appendix A.3.2 for the list of IPSAS in effect and corresponding SLPSAS.

6. THE AUDITING PROFESSION

6.1 Introduction

The Auditing Profession in Sri Lanka is a reasonably well-developed profession when compared with other developing countries. In fact, we can claim that it is almost on par with developed countries. This chapter looks into the Auditing Profession in both the Private and Public sectors.

6.2 Private Sector

This section highlights the Audit practices in the Private Sector in Sri Lanka.

6.2.1 Audit Licenses

There is no separate body or organization that issues Audit Licenses in Sri Lanka. Section 157 of the Companies Act No 7 of 2007 states that a person shall not be appointed or act as auditor of a company unless that person— (a) is a member of the Institute of Chartered Accountants of Sri Lanka; or (b) is a registered auditor.

At present, to practice as an Auditor/Chartered Accountant one should have a Practising Licence from the Institute of Charted Accountants of Sri Lanka (ICASL). This license needs to be renewed annually. In addition to it, the person should register with the Registrar of Companies (ROC) as well. Those who hold an ICASL practicing certificate and are registered at ROC are legally eligible to handle any audit in Sri Lanka.

To obtain the practicing license from ICASL one should pass all the examinations of ICASL and have at least 440 working days (two years) of professional practical training/experience at a practising firm after being eligible for the Certified Corporate Accountant (CCA) level and successful completion of Professional Practice Management (PPM) module.

The second category of Auditors is called Registered Auditors at ROC. The qualification of Registered Auditors is governed under the Regulations issued by the Registrar of Companies. As per the Government Information Centre[1] Chartered Accountant, a holder of

[1] http://www.gic.gov.lk/gic/index.php/en/component/info/?id=2324&task=info

a Higher National Diploma in Accountancy or a Government Pensioner can register at ROC as an Auditor. The logic of allowing Government Pensioners to register as Auditor is not clear as most of such Pensioners may not have any knowledge of Auditing. A Registered Auditor at ROC with lesser qualifications than a member of ICASL can handle non-statutory audits.

There is no separate audit license monitoring process in Sri Lanka. ICASL does not monitor the quality of audits of its members who are in practice. Sri Lanka Accounting and Auditing Standard Monitoring Board (SLAASMB) reviews the audit reports and financial statements of specified Business Enterprises (SBEs). Please refer para 5.2.2.

6.2.2 Auditor Appointment and Dismissal

For private sector audits, it is the shareholders of a limited liability company or partners of a partnership or the sole proprietor of a sole trade organization who appoints the auditors.

Section 210 of the Code of Ethics (2016) of the ICASL and Sri Lanka Auditing Standards (SLAuS) 210 deals with the appointment and dismissal of the Auditors and Audit Engagements. These standards cover the areas such as how to accept and communicate in accepting a professional assignment to conduct an Audit. When accepting an audit, members of ICASL are expected to follow these standards. However, there is no such binding by the non ICASL members who perform audits by registering as a Registered Auditor at the ROC.

6.2.3 Auditor Independence

The Code of Ethics (2016) of the ICASL states that accountants in public practice should be, and should appear to be, free of any interest that might be regarded as being incompatible with integrity, objectivity, and independence. Section 290 and 291 of the said code deals with the Independence of Auditors in Audit and Review Engagements and Independence in Other Assurance Engagements respectively. Here again members of ICASL are bound by the said code but not the other Registered Auditors.

6.2.4 Audit Reporting Requirements

In the backdrop of rising challenges with the global financial crisis and complexities of capital markets, the need for enhanced transparency in audit reporting has been constantly highlighted. As a

result, the recent developments in Auditing aim to improve the credibility and quality of financial statements. The following SLAuS provides guidance on the form and content of the auditor's report issued as a result of an audit performed by an independent auditor of the financial statements of an entity;

- SLAuS 570 (Revised)- Going Concern
- SLAuS 700 (Revised)-Forming an Opinion and Reporting on Financial Statements
- SLAuS 701 -Communicating Key Audit Matters in the Independent Auditor's Report
- SLAuS 705 (Revised)- Modifications to the Opinion in the Independent Auditor's Report
- SLAuS 706 (Revised)- Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
- SLAuS 710 -Comparative Information Corresponding Figures and Comparative Financial Statements
- SLAuS 720 (Revised)- The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements

6.2.5 Auditor Liability

When an auditor performs his professional duties, he assumes a legal liability connected with his assignment. Auditors could be liable for both civil and criminal offenses based on the nature of the offense. There aren't many cases filed against auditors in Sri Lanka. This does not mean that they are doing a perfect job of work. There may be instances that the auditor is liable for certain offenses, but due to the long legal procedures and the cost, not many want to venture into legal action.

6.2.6 Auditing Firms

Sri Lanka's Audit practises are fairly robust. All 'Big Five' international Audit Firms are present in Sri Lanka. As of the end of 2020, Five Hundred and Four audit firms have been registered at the ICASL. As shown below the majority of them are one-member practicing firms. Only five firms operate with more than six partners and less than four percent of practices have four or more partners.

Table 6.1 Practising Firms in Sri Lanka

	No of Firms
Sole Proprietorship	407
2 Partners	45
3 partners	33
4 Partners	7
5 or 6 Partners	7
More than 06 partners	5
Total No. of Audit Firms	**504**

Based on the above analysis, it is evident that most of the Audit practices in Sri Lanka are Small and Medium Practitioners (SMPs). Their clients are mostly small- and medium-sized entities (SMEs). They use external sources to supplement limited in-house technical resources and employ a limited number of professional staff. In general, the majority of SMPs' revenue is generated by providing traditional statutory compliance services to SMEs such as audits, compliance certificates, and taxation.

6.3 Public Sector

This section highlights the Audit practices in the Public Sector in Sri Lanka.

6.3.1 Institutional Framework for Public Sector Auditing

As stated in para 3.1.1 in this book, the Constitution of Sri Lanka requires a qualified auditor to be appointed as the Auditor-General to head the audits of government and government own institutions. In addition to the Constitution, the Finance Act No 38 of 1971 provides specific guidance on the audit of public institutions (para 3.1.5). In addition to these legislatures, the National Audit Act No 19 of 2018 provides the legal background for the institutional framework for public sector auditing (para 3.1.12).

6.3.2 Appointment and Dismissal of Public Sector Auditors

Article 153A of the Constitution of Sri Lanka requires that an Audit Service Commission be appointed with the power of appointment, promotion, transfer, disciplinary control, and dismissal of the members belonging to the Sri Lanka State Audit Service. By virtue of this power, it is the Audit Service Commission that appoints the Auditor General and his key officials to handle all Public Sector Audits.

In practice, due to lack of qualified staff at the Auditor-General's office, the Auditor-General assigns the Audits of commercial state-owned enterprises to Private Sector auditing firms. The appointments, dismissal, and monitoring of the work of these Private Sector audit firms are done by the Auditor General's office.

6.3.3 Responsibilities of the Auditor General's Department

The Auditor-General, at his discretion, subject to the provisions of the Constitution of Sri Lanka and the National Audit Act, decides on the scope of audits of the Central Government, Provincial Governments, Local Governments, and Government- owned Institutions.

With regards to Public Corporations, the Finance Act No. 38 of 1971 (Finance Act) also defines the scope of the audit to be considered by the Auditor-General. The Finance Act requires the Auditor-General to render three distinct statutory reports namely (i) a detailed report to the management of the Corporation; (ii) a report for publication together with the Annual Report of the Corporation; and (iii) a separate report to the Parliament.

Furthermore, the scope of the audit as defined in the Finance Act requires the Auditor-General to examine as far as possible and as far as necessary the following:

- Whether the organization's 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 corporation, and whether such systems, procedures, books, records, and other documents are in effective operation;

- Whether the conduct of the corporation is in accordance with the laws, rules, and regulations relevant to the corporation and whether there has been fairness in the administration of the corporation;

- Whether there has been economy and efficiency in the commitment of funds and utilization of such funds;

- Whether systems of keeping monies and safeguarding of property are satisfactory;

- Whether the accounts audited have been so designed as to present a true and fair view of the affairs of the corporation in respect of the period under consideration with due regard being given to principles of accountancy, financing, and valuations.

6.3.4 Auditor Independence

As the appointment and dismissal of the Auditor-General and its key officials are handled by the Audit Service Commission, the independence of the Auditor-General and its key officials are secured by the Constitution of the country. In addition to the above, the Auditor-General as a member of the ICASL and must abide by the Code of Ethics issued by ICASL.

6.3.5 Auditor Liability

No liability, whether civil or criminal, can be enforced on the Auditor-General, any officer of the Sri Lanka State Audit Service, any officer of the National Audit Office, or any other person assisting in the discharge of the duties of the Auditor-General. This immunity is given in Section 50 of the National Audit Act. Therefore, unlike the Private Sector, the Public Sector auditors in Sri Lanka do not have any legal liability. The immunity given in Section 50 of the above Act extends to 'any other person assisting in the discharge of the duties of the Auditor-General'. This means if the Auditor General appoints a Private Auditor to assist him in doing the audit, the Private Auditor also does not have any liability. This is not a very healthy situation and goes against general liability clauses of auditors in the world. One may argue that when no action can be taken against negligence, the person may not take due care in fulfilling their duty.

6.3.6 Audit Reporting Requirements

The Auditor-General is expected to report to the Parliament. Article 154(6) of the Constitution of the country states that the Auditor-General shall within ten months after the close of each financial year and as and when he deems it necessary report to Parliament on the performance and, discharge of his duties and functions under the Constitution. Furthermore, Section 4 of the National Audit Act states that the Auditor-General may examine any matter relating to an auditee brought to his notice by any member of the public in writing along with substantial proof of the matters asserted, and report thereon to Parliament.

6.3.7 Code of Ethics for Public Sector Auditors

A Code of Ethics is considered a statement of values and principles guiding the daily work of the auditors. However, the Public Sector Auditors does not have a separate Code of Ethics and the National Audit Act is silent about it. Along with the Interrnational Organisation of Suprem Audit Institutions (INTOSAI's) Lima Declaration of Guidelines on Auditing Precepts, the INTOSAI Code of Ethics is considered an essential complement to the INTOSAI Auditing Standards. One can argue that the Code of Ethics is not a Standard and hence, the restrictions on applying INTOSAI standards without being gazetted, will not apply to it. Therefore, if needed, the INTOSAI Code of Ethics can be applied by the Public Sector Auditors. The National Audit Commission could make it mandatory and enforceable.

Although, there is no specific Code of Ethics for Public Sector Audits, professional accountants who are working in the Auditor General's Department are bounded by the relevant code of ethics issued by the relevant Professional Accountancy Organizations. For example, the members of ICASL are bound by the Code of Ethics issued by ICASL.

7. AUDITING STANDARDS

7.1 Introduction

This chapter presents an overview of Sri Lanka Auditing Standards (SLAuS) used for both the Private and Public Sector. It provides a brief context of the Legality of the Standards, Standard-Setting Process; formation of the Auditing Standards Committee; and the extent to which the auditing standards are in convergence with International Standards on Auditing (ISA). This chapter also touches upon the Internal Auditing Standards.

7.2 Private Sector

7.2.1 What Constitute Sri Lanka Auditing Standards

The SLAuS is based on the ISA published by the International Auditing and Assurance Standards Board (IAASB) which is the auditing standards-setting arm of the International Federation of Accountants (IFAC). ISAs have been slightly modified to meet local conditions and needs when issuing as SLAuS.

Sri Lanka Auditing Standards consists of SLAuS, Sri Lanka Standard on Quality Control, Sri Lanka Auditing Practice Notes, Sri Lanka Standards on Review Engagements (SLSREs), Sri Lanka Standards on Assurance Engagements (SLSAEs), Sri Lanka Standards on Related Services (SLSRSs), Sri Lanka Related Services Practice Statements (SLRSPSs), Framework for Audit Quality and Framework for Assurance. A detailed list of these standards is given in Appendix 4.

7.2.2 Legality

The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 (A&A Act) elevated the standards on auditing to the status of legal enactments.

Under Section 7 of the A&A Act, compliance with these Auditing Standards is compulsory when carrying out the audits of Specified Business Enterprises (SBEs). A&A Act not only places the responsibility of complying with these Standards on the Auditors alone but also places a corresponding responsibility on the entity's

Management to take all reasonable steps to ensure that Standards are complied with in the conduct of the audits of their accounts.

The accounts of every SBE shall be audited by professionally qualified auditors who shall be members of the Institute of Chartered Accountants of Sri Lanka (ICASL) holding a certificate to practice, issued by the ICASL, and it shall be the duty of such auditors to certify in their audit report that the audit has been conducted according to the Sri Lanka Auditing Standards and that accounts have been prepared and presented according to the Sri Lanka Accounting Standards.

7.2.3 Auditing Standards Committee

The A&A Act also provided for the setting up of the Statutory Auditing Standards Committee with a responsibility to recommend and otherwise assist ICASL in the adoption of Auditing Standards. Section 9 of the A&A Act states that the Auditing Standards Committee shall consist of eight members of the ICASL nominated by the Council of such Institute, at least four of whom shall be members of the Accounting Standards Committee stated in para 5.2.3 earlier. The ICASL can, as and when it considers necessary, co-opt for any person with special experience in the field of auditing to serve in the Auditing Standards Committee.

A nominated member of the Auditing Standards Committee shall serve on such Committee for a period of four years and shall be eligible for re-nomination. A member nominated to the Auditing Standards Committee may resign from such Committee by a letter addressed to the person who nominated him.

A person nominated to the Auditing Standards Committee in place of a nominated member, who dies or resigns from such Committee, shall serve on such Committee for the unexpired period of the term of the nominated member whom he succeeds.

7.2.4 Auditing Standard-Setting Process

The formulation and revision of Auditing Standards is a continuous process. Changes in the financial reporting environment necessitate corresponding changes in the Auditing Standards. IAASB process in issuing ISAs are as follows:

i. Research and consultation

A project task force is ordinarily established with the responsibility to develop a draft standard or practice

statement. The task force develops its positions based on appropriate research and consultation.

ii. Transparent debate
A proposed standard is presented as an agenda paper for discussion and debate at an IAASB meeting, which is open to the public.

iii. Exposure for public comment
Exposure drafts are placed on the IAASB's website and are widely distributed for public comment. The exposure period is ordinarily no shorter than 120 days.

iv. Consideration of comments received on the exposure
The comments and suggestions received as a result of exposure are considered at an IAASB meeting, which is open to the public, and the exposure draft is revised as appropriate. If the changes made after exposure are viewed by the IAASB to be substantive so as to require re-exposure, the revised document will be reissued for further comment.

v. Affirmative approval
Approval of exposure drafts, re-exposure drafts, international standards, and practice statements is made by the affirmative vote of at least two-thirds of the members.

When IFAC issues ISAs or other pronouncements through IAASB, the Auditing Standards Committee in Sri Lanka reviews the Standard and related technical materials and recommends them to the Council of ICASL for adoption as SLAuS.

The process followed by the Auditing Standards Committee in Sri Lanka is as follows:

i. The ISAs are sent to parties identified by the Auditing Standards Committee as those primarily interested in SLAuS, calling for comments.

ii. The Auditing Standards Committee appoints a sub-committee to study the ISAs, to adopt it as a SLAuS. The sub-committee is chaired by a member of the Auditing Standards Committee.

iii. The sub-committee studies the ISAs intending to adopt them as SLAuS.

iv. A draft SLAuS is prepared by the sub-committee with necessary modifications and presented to the Auditing Standards Committee.

v. A public seminar is held by the Auditing Standards Committee, to explain the proposed SLAuS, and to obtain further comments from the public.

vi. The sub-committee reviews the draft SLAuS based on the comments made at the public seminar and recommends it to the SLAuS for consideration of the Auditing Standards Committee.

vii. The Auditing Standards Committee in consultation with the sub-committee decides on the final standard to be recommended to the council of ICASL for adoption.

The process outlined above applies to the development of all auditing standards and other pronouncements issued by IFAC through the IAASB.

Adoption of Sri Lanka Auditing Standards

As per Section 3 of the A&A Act, the ICASL shall, from time to time, adopt appropriate auditing standards as may be necessary to govern the conduct of the audit of accounts of business enterprises.

The Sri Lanka Auditing Standards shall be published in the Gazette and shall become effective from and after the date of such publication or such later date as may be specified therein.

Power to vary and amend the Auditing Standards.

The ICASL shall on the recommendation of the Auditing Standard Committee, whenever necessary revise, alter and amend the Sri Lanka Auditing Standards adopted by it under the A&A Act and shall cause such revised, altered, or amended standards to be published in the Gazette, and such revisions, alterations, and amendments shall become effective from and after the date of such publication or such later date as may be specified therein.

It is the responsibility of the ICASL to notify the public of the Sri Lanka Auditing Standards and of the revisions, alterations, and amendments made thereto, by notice published in the Gazette or in such other manner as is calculated to give publicity thereto.

7.2.5 Convergence with International Auditing Standards

As stated earlier, IAASB is an independent auditing standard-setting body that serves public interests by setting high-quality international standards for auditing, quality control, review, other assurance, and related services, and by facilitating the convergence of international and national standards. In doing so, the IAASB enhances the quality and uniformity of practice throughout the world and strengthens public confidence in the global auditing and assurance profession.

IAASB sets the ISAs. The final set of auditing standards by May 2021 comprises 37 ISAs[1]. By May 2021 ICASL had adopted all ISAs, except for ISA 250 (Revised) 'Consideration of Laws and Regulations in an Audit of Financial Statements'. In Sri Lanka, the old version of ISA 250 is effective as of May 2021, the time of writing this Chapter.

In addition to International Auditing Standards, IAASB has issued a separate set of Standards for Assurance Engagements. ICASL has adopted all such Standards. Overall, the compliance with the Sri Lanka Auditing Standards ensures compliance in all material respects with the International Standards on Auditing.

7.2.6 Auditing of Small and Medium Enterprises

Small entities that do not have public accountability and publish general-purpose financial statements for external users, which follow the cost model for measurement of assets and liabilities can be audited by following the SLAuS for the Audits of Non – Specified Business Enterprises (Non SBEs). The audits of the companies categorized under the A&A Act and subsequent amendments thereto as Specified Business Enterprises cannot use this SLAuS. The standard was launched on 30th August 2018 by the ICASL. This SLAuS is a principle-based, standalone auditing standard, tailored specifically to audit financial statements of small entities.

The financial reporting framework that could be applied for this Auditing Standard is either Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs) or SLFRS

[1]https://www.iaasb.org/publications/2018-handbook-international-quality-control-auditing-review-other-assurance-and-related-services-26

for Smaller Entities. Salient features of the SLAuS for Non-SBEs are:

- It relies more on Substantive Audit procedures;
- Provides simple benchmarks on materiality for financial statements as a whole;
- Less stringent Quality Control requirements and responsibility towards detecting frauds;
- Simplifications over the Planning Sections; and
- Simplifications on the Reporting Section.

This SLAuS is effective for audits of financial statements for periods ending on or after 31st March 2018. Several countries have already introduced a separate set of Auditing Standards for Small Audits and it is under consideration at the IFAC level as well. To protect the profession, it is very important to have a simple version of Auditing Standards that could be cost-effectively applied by the Audit Firms, especially the Small & Medium-Sized Practitioners when providing quality services to their SME clients while minimizing risks.

7.3 Public Sector

7.3.1 What Constitutes Public Sector Auditing Standards in Sri Lanka

For the audit of the Public Sector, the Auditor-General, who is the person in charge of all Public Sector audits, is expected to follow Sri Lanka Auditing Standards issued and adopted by the ICASL. This is legally confirmed by Section 5(1) of the National Audit Act No. 19 of 2018 (Audit Act). Para 7.2 above details the process and adoption of the SLAuS.

Section 5(2) of the Audit Act states that where there are no auditing standards specified in the Sri Lanka Auditing Standards for performance audits, environmental audits, technical audits, and any other special audits, the Audit Service Commission may, by Order published in the Gazette, specify the provisions of the International Standards of the Supreme Audit Institutions determined by the International Organization of Supreme Audit Institutions (INTOSAI) which shall apply to such audits, with necessary amendments to suit local requirements. This section of the National Audit Act restricts applying of INTOSAI standards for Public Sector audits, unless they are gazetted.

In addition to the above, the Auditor-General is also guided by the conventions and best practices relating to audit provided by the following Institutions and Committees:

- International Organization of Supreme Audit Institutions (INTOSAI)[2];

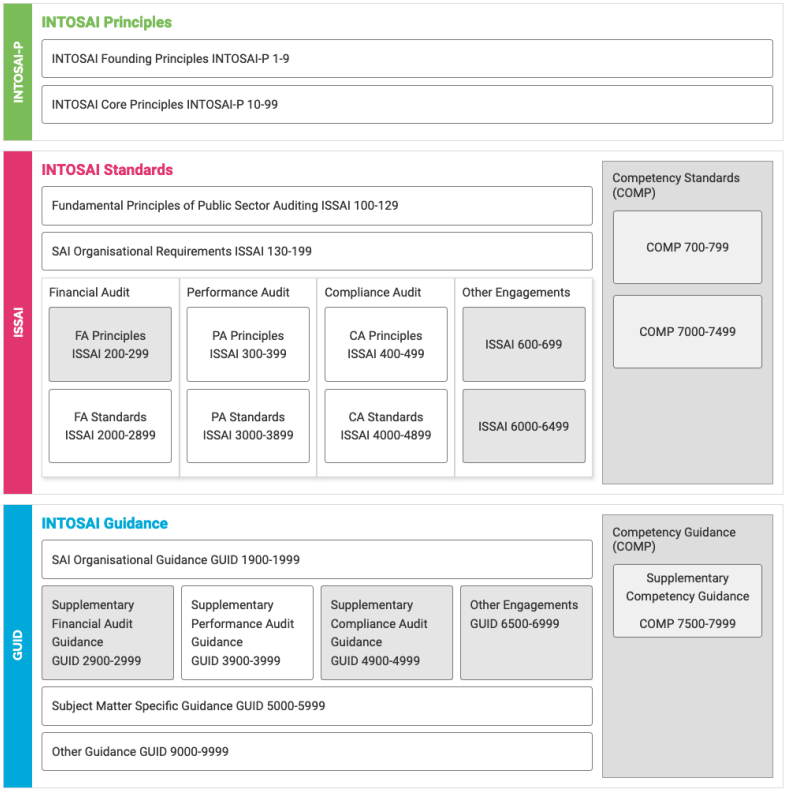
  The INTOSAI is an inter-governmental organization whose members are supreme audit institutions (Offices of Auditor General). Almost all supreme audit institutions in the world are members of INTOSAI which operates as an umbrella organization for the external government audit community. It is a non-governmental organization with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

  Auditor General's office in Sri Lanka is a member of the INTOSAI and ASOSAI (please see below) and hence abide by the standards issued by the INTOSAI. However, in practice, Auditor General's office in Sri Lanka gives more prominence to Auditing Standards issued by ICASL. The summary of the Standards and Guidance notes issued by the INTOSAI[3] is given below.

[2] https://www.intosai.org

[3] https://www.intosai.org/focus-areas/audit-standards

Figure 7.1: Summary of Standards and Guidance Notes issued by INTOSAI



Source: INTOSAI

- The Asian Organization of Supreme Audit Institutions (ASOSAI);

  ASOSAI is one of the seven Regional Groups of the INTOSAI which caters to the needs of the Asian region.

- The Committee on Public Accounts (COPA); and

  COPA is one of the two Financial Committees in Parliament. It normally consists of twelve members of the Parliament nominated by the Committee of Selection. The duty of COPA is to examine the accounts showing the appropriation of the sums granted by Parliament to meet public expenditure.

- The Committee on Public Enterprises (COPE)

COPE is the second Financial Committee in Parliament which generally consists of twelve members of Parliament nominated by the Committee of Selection. The duty of COPE is to examine the accounts of Public Corporations and any Business Undertaking vested in the Government.

7.3.2 Legality

Article 154 of the Constitution of Sri Lanka provides the mandate for the Auditor General to audit public sector institutions, which can be reproduced as;

The Auditor-General shall audit the accounts of all Departments of Government, Offices of the Secretary to President, Offices of the Secretary to the Prime Minister, the Offices of the Cabinet of Ministers, the Judicial Service Commission, the Constitutional Council, the Commissions referred to in the Schedule to Article 41B, the Parliamentary Commissioner for Administration, the Secretary-General of Parliament and the Local Authorities, Public Corporations and business or other undertakings vested in the Government under any written law and companies registered under the companies registered or deemed to be registered under the Companies Act No.7 of 2007 in which the Government or a public corporation or local authority holds fifty per centum or more of the Shares of that company including the accounts thereof .

In addition to the above the Audit Act details out the applicable auditing standards by the Auditor General in conducting audits. Section 5 of the Audit Act states that the Sri Lanka Auditing Standards determined by the Auditing Standards Committee established under the A&A Act shall be applicable to audits undertaken by the National Audit Office.

7.4 Internal Auditing Standards

As stated in Chapter 2, Sri Lanka does not have an effective and vibrant Institute for Internal Auditors and has only a Chapter of the Institute of Internal Auditors (IIA) of the USA. Hence, the Chapter of the IIA has not taken steps to issue any Internal Auditing Standards specific to Sri Lanka. However, members of the IIA Sri Lanka Chapter are supposed to follow the Internal Auditing Standards issued by the IIA.

The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance promulgated by the IIA. The IIA provides internal audit professionals worldwide with authoritative

guidance organized in the IPPF as mandatory guidance and recommended guidance. The updated Framework was introduced in July 2015[4].

The IIA offers General Practice guides, Financial Services guides, Public Sector guides, Global Technology Audit Guides (GTAG), Guides to the Assessment of IT Risk (GAIT), and supplemental guides. A list of IIA Standards is given in Appendix 4.6

[4] https://global.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx

8. QUALITY ASSURANCE OF THE AUDIT PROFESSION

8.1 Introduction

Like in the case of any other service, the audit profession also needs quality assurance. The quality assurance standards in force in both Private and Public sectors are discussed in this chapter.

8.2 Private Sector

8.2.1 What Constitutes Quality Assurance Standards in Sri Lanka

Private sector quality assurance standards are based on the standards issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). IAASB issues International Standards on Quality Controls (ISQCs) with the objective of controlling the quality of firms that perform audits, other assurances and related services. Sri Lanka has adopted the international quality standard in force which is ISQC 1. The connected standard in Sri Lanka is called Sri Lankan Standard on Quality Control 1 (SLSQC 1) on "Quality control for firms that perform audits and reviews of financial statements, and other assurance and related service engagements".

8.2.2 Legality

The legal authority connected to quality assurance also comes from the Sri Lanka Accounting and Auditing Standard Act (A&A Act). Unlike, in the case of Accounting and Auditing Standards, Standard on Quality is not gazetted and its legal authority is debatable. As detailed in para 8.2.3 below, the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) has been established by the A&A Act to monitor the implementation of the Accounting and Auditing Standards in Sri Lanka.

Apart from the above, ICASL has almost fully adopted international standards on auditing and a Code of Ethics covering audit work by

the start of 2014. The Code of Ethics requires its members to follow standards issued on Quality.

8.2.3 Convergence with International Quality Standards

IAASB has initially issued one Quality Standard ISQC 1 on "Quality control for firms that perform audits and reviews of financial statements, and other assurance and related service engagements". This standard should be read in conjunction with ISA 200, "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing."

SLSQC-1 on quality control over audit work is wholly equivalent to ISQC1 and is effective from 1 January 2013. Also, Sri Lanka has adopted a Code of Ethics equivalent to the IFAC Code.

IAASB in December 2020 replaced ISQCs with a new set of standards called International Standard on Quality Management (ISQM) to be effective from Dec 2022. ISQM1 is on "Quality Management for Firms that perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services" and ISQM2 on "Engagement Quality Review". In addition to the above, IAASB revised the International Standard on Auditing 220 to be in line with ISQM 1 and 2. By May 2021, Sri Lanka is yet to harmonize its quality standards with new international standards.

8.2.4 The regulatory environment

As stated in para 5.2.2, the A&A Act established the SLAASMB intending to monitor the compliance of Accounting and Auditing Standards by Specified Business Enterprises (SBEs). To date, active regulation of auditors by SLAASMB has been limited to independent monitoring of compliance with accounting and auditing standards on public interest audits. However, extending audit regulation beyond that to cover the audits of other companies and the overall quality control framework in audit firms has yet to be implemented.

ICASL has also established an Audit Quality Assurance (AQA) function under it with the intention of filling the quality assurance gap. However, there is no legal mandate for it to discipline auditors. The only action it can take against its members is disciplinary for non-compliance of ICASL regulations.

8.2.5 The components of effective regulation

To meet the public interests, the regulation of audit must be proportionate, transparent, consistent, non-discriminatory, and fair. To gain public confidence and international recognition, regulatory arrangements will also require (a) ongoing oversight and (b) periodic evaluation that assesses effectiveness.

There are many ways to achieve effective regulation to create an efficient and effective regulatory mix. The IFAC policy paper, *Regulation of the Accountancy Profession*[1] (September 2011) focuses on audit regulation. It recognizes the need for each country to find a balance between self-regulation by the profession, self-regulation with public oversight and accountability, and external regulation.

Effective regulation of audit involves shared responsibilities across several organizations. The essential components for effective regulation are:

a. Clear institutional arrangements as set out under primary legislation and by-laws etc.;
b. Entry and licensing requirements, including education and ongoing professional development requirements;
c. An operational audit monitoring function;
d. The technical and ethical standards that audits and auditors must comply with;
e. Disciplinary systems and processes for those who fail to meet the requirements; and
f. Public oversight on all of the above.

8.2.6 Providing support for Small and Medium-sized Practices (SMPs)

To help small and medium-sized practices (SMPs) with the implementation of Quality Standards, ICASL has taken the following initiatives:

a. To provide training sessions for all SMPs on the practical implications of implementing SLSQC-1;
b. To develop an 'Audit Toolkit' for SMPs which will provide a framework and programs for individual audits and enable firms

[1] http://www.ifac.org/publications-resources/regulation-accountancy-profession-1

who follow this approach to carry out SLAuS compliant audit work; and

c. Issue an assessment program for all SMPs in Sri Lanka to assess how firms are complying with SLSQC-1.

ICASL is yet to establish long-term sustainable funding for the AQA function in the short term.

8.3 Public Sector

There are no separate Quality Standards for the Public Sector Audits in Sri Lanka. As stated in para 7.3.1 the Public Sector follows the Auditing Standards of the Private Sector issued by ICASL. When it comes to Quality Standards, standards in use do not apply to the Public Sector. Apart from this, the International Organization of Supreme Audit Institutions (INTOSAI) has its guidelines on Quality, and Public Sector Auditors are supposed to follow them.

To improve quality assurance, the new Audit Methodology Manual, which would be prepared according to the methods described in the Institutional Development Plan, is needed. There is no quality assurance program currently in use. Audit supervision is expected to ensure quality. However, current audits are not timely, many findings lack materiality; the audit programs, which focus on compliance and financial (attestation) audits, are not on par with the best of international practices. Given the lack of acceptance within the AG's Department of a previous manual prepared by consultants during the 1990s, it is crucial that the new manual be prepared by AG Department staff in consultation with experts and practitioners, with external consultants providing guidance, but not writing the manual.

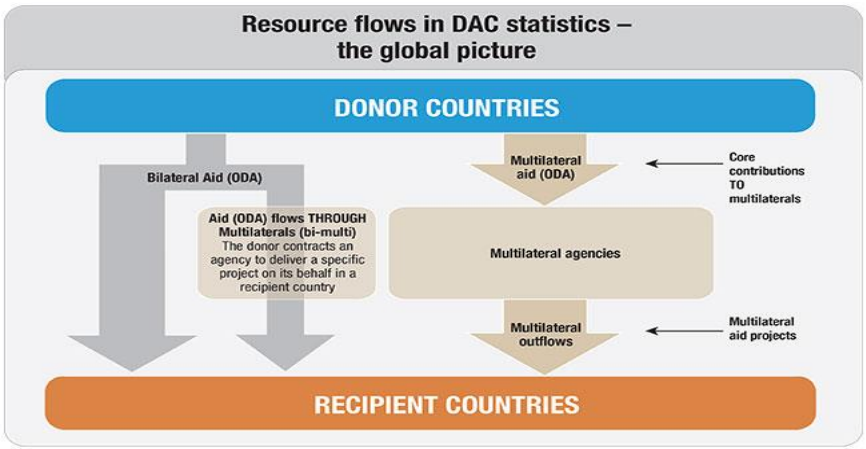
9. CONTRIBUTORS TO PROFESSIONAL DEVELOPMENT

9.1 Introduction

This chapter elaborates on Professional Development Contributors relating to Accounting and Auditing Education and Practices in Sri Lanka. The assistance of Professional Development Contributors all around the world has supported Sri Lanka. Because Professional Development Contributors hold a key position in the accountability chain, they can insist that implementing governments aim for high-quality performance and remind national governments of their responsibility for better accountability.

Depending on the flow of resources/aid to a recipient, Professional Development Contributors will be classified into two as Bilateral and Multilateral Development Contributors. Bilateral Contributors represent funding flows from Government to Government directly. Multilateral Contributors represents core contributions from Multilateral agencies to the Government where it is then used to fund its programs. The flow of the funding could be seen in the overall picture depicted in the following chart published by the Organisation for Economic Cooperation and Development (OECD)[1].

Figure 9.1: Resource Flow to Courntries



Source: Organisation for Economic Cooperation and Development (OECD)

1 www.oecd.org/dac/stats

9.2 Bilateral Contributors

There is one key Bilateral Contributor to Accounting and Auditing Education and Practices in Sri Lanka. It is the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

9.2.1 Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)[2]

GIZ offers a wide range of services to governments, companies, international institutions, and private foundations. GIZ assists about 120 countries worldwide. GIZ implements projects on behalf of the German Federal Ministry for Economic Cooperation and Development in education, social integration, and private sector and professional development. In Sri Lanka, GIZ assists to improve and strengthen Small and Medium Enterprises (SMEs) and Small and Medium Practices (SMPs) by designing training programs on basic accounting and bookkeeping for SMEs and conducting seminars on Sri Lanka Financial Reporting Standards for SMEs.

9.2.2 Other Countries

Many countries provide bilateral assistance to Sri Lanka. Most of them provide bilateral trade facilities and concessional funding arrangements to the Government and its project. However, direct assistance to improve the Accounting and Auditing field is limited.

9.3 Multilateral Contributors

As in the case of Bilateral Contributors, there are two key Multilateral Contributors to the Accounting and Auditing Education and Practices in Sri Lanka. They are the Asian Development Bank (ADB) and The World Bank (WB)

9.3.1 Asian Development Bank (ADB)[3]

ADB was established in 1966 to eradicate extreme poverty in Asia and the Pacific. ADB is owned by 68 member countries of which 49 are from Asia and the Pacific. ADB assists its members, and

[2] https://www.giz.de/en/html/index.htm

[3] https://www.adb.org/countries/sri-lanka/main

partners, by providing loans, technical assistance, grants, and equity investments to promote social and economic development. ADB maximizes the development impact of its assistance by facilitating policy dialogues, providing advisory services, and mobilizing financial resources through co-financing operations that tap official, commercial, and export credit sources.

ADB is one of the key Multilateral Banks that contributes to the development of various sectors in Sri Lanka. The ADB has contributed directly and indirectly to support the Accounting and Auditing Education and Practices in Sri Lanka. The following projects have been undertaken by ADB from 2016 to support the projects in the Finance Sector.

1. ***Strengthening Regional Cooperation and Knowledge Sharing on the Application of Technology in Financial Services***

This project is expected to have enhanced the knowledge of policymakers, regulators, and the private sector to address emerging financial technology-related issues for financial inclusion and stability as an outcome.

2. ***Developing Anti-Money Laundering and Combating the Financing of Terrorism Approaches, Methodologies, and Controls***

This project is a part of the cluster regional capacity development technical assistance that supports the banking and finance sectors in developing member countries of the ADB to improve the implementation of anti-money laundering and combating the financing of terrorism regulatory measures and strengthening the capacity of domestic banks and nonbank financial institutions to comply with the requirements of the Financial Action Task Force established by the Government.

3. ***Capital Market Development Program (CMDP)***

The specific objective of the Capital Market Development Program (CMDP) is to enhance the capacity and size of the capital market with a strong legal and regulatory framework.

4. ***Mobilizing Finance for Sri Lanka***

Part of the objective of this project is to catalyze venture capital funding for Sri Lankan Small and Medium Enterprises and how to mobilize.

9.3.2 The World Bank (WB)[4]

WB is one of the world's largest sources of funding and knowledge for developing countries. The following five institutions share a commitment to reducing poverty, increasing shared prosperity, and promoting sustainable development.

- The International Bank for Reconstruction and Development (IBRD)
- The International Development Association (IDA)
- The International Finance Corporation (IFC)
- The Multilateral Investment Guarantee Agency (MIGA)
- The International Centre for Settlement of Investment Disputes (ICSID)

Together, IBRD and IDA form the World Bank, which provides financing, policy advice, and technical assistance to governments of developing countries. IDA focuses on the world's poorest countries, while IBRD assists middle-income and creditworthy poorer countries. IFC, MIGA, and ICSID focus on strengthening the private sector in developing countries. Through these institutions, the WB Group provides financing, technical assistance, political risk insurance, and settlement of disputes to private enterprises, including financial institutions. While five institutions have their own country membership, governing boards, and articles of agreement, WB works as one to serve their partner countries. The WB has expanded its lending and assistance to Sri Lanka in several fields including Accounting and Auditing Education and Practices in Sri Lanka. The following projects have been undertaken by the World Bank since 2016 in the Finance Sector[5].

1. Sri Lanka Agriculture Sector Modernization Project

This Project intended to promote commercial and export-oriented agriculture; attract and leverage investments from farmer producer organizations and agribusinesses for high-value agriculture production and value addition; and provide the enabling environment, incentives, and access to finance for such investments through matching grants, technical assistance support, linkages to the commercial banking sector, and a Partial Credit Guarantee (PCG) facility. The Project provided support for financial management, procurement, social and environmental safeguards.

[4] https://www.worldbank.org/en/country/srilanka

[5] https://projects.worldbank.org/en/projects-operations/projects-summary?countrycode_exact=LK

2. Sri Lanka Financial Sector Modernization Project

The development objective of the Financial Sector Modernization Project for Sri Lanka is to contribute to increasing financial market efficiency and use of financial services among micro, small and medium enterprises, and individuals. The project comprises three components as given below:

i. Supporting selected mid-level reforms through results-based financing implements of selected mid-level reforms through disbursement-linked indicators;

ii. Strengthening regulators' institutional capacity, upgrading the legal and regulatory framework, and modernizing financial market infrastructure to strengthen the institutional capacity of the financial sector regulators; and

iii. Project implementation and monitoring to provide support to the Project Steering Committee and Central Project Coordination Unit to guide and coordinate project operations, financial management, procurement, social and environmental issues, under the project.

3. Accelerating Higher Education Expansion and Development Operation Project

The development objective of the Accelerating Higher Education Expansion and Development Operation Project for Sri Lanka is to increase enrollment in priority disciplines, improve the quality of degree programs, and promote research and innovation in the higher education sector. The main direct beneficiaries will be an estimated 600,000 higher education students and 5,000 academics, managers, and technical staff members who will benefit from the Project.

4. Framework Development and Infrastructure Financing to Support Public-Private Partnerships Project

The development objective of the Framework Development and Infrastructure Financing to Support Public-Private Partnerships (PPP) Project for Sri Lanka is to support the preparation of Public-Private Partnerships that will enable the government of Sri Lanka to facilitate private sector financing for the development of its priority infrastructure and services. This project has three components as given below.

i. Improving the Enabling Environment:

This has the following subcomponents:

- Establishing the Institutional Environment for Sustainability of PPPs;
- PPP Capacity Building; and
- Communication and Stakeholder Engagement for PPP.

ii. Preparation of Selected, Prioritized, Proposed PPP Transactions:

This has the following subcomponents:

- Feasibility Studies; and
- Project Structuring and Transaction Advisory Services.

iii. Project Management:

This aims to provide operational support to the National Agency for Public-Private Partnerships for the management of the borrower's PPP program, such as equipment, goods, and services, for its day-to-day operation in general, including project coordination, management, reporting, and Monitoring and Evaluation.

10. ETHICS AND THE ACCOUNTANCY PROFESSION

10.1 Introduction

This chapter elaborates on Ethics applicable to Accounting and Auditing Practices in Sri Lanka and the connected Investigation and Disciplinary processes by the Professions Accounting Organizations (PAOs).

10.1.1 Ethics

An accountant has a wider responsibility to act in the interest of the public. To ensure the professional accountants' responsibility towards the public, professional accountancy bodies have enforced and prescribed ethics standards for their members. These standards assist in preventing professional accountants from the exploitation of the clients and employers and ensure keeping up their fundamental responsibility to act in the interest of the public. Notwithstanding these professional obligations imposed by the professional accountancy bodies, in certain jurisdictions, governments and the regulators have ingrained the essence of ethical requirements into the corporate laws and made them legally bound to adhere to ethical requirements.

Accountancyinstitutions in Sri Lanka have also prescribed certain ethical requirements for their members. These ethical standards are based on the Code of Ethics issued by the International Federation of Accountants (IFAC). Apart from those certain other ethical requirements have been mandated by the Companies Act and various other regulations imposed by the regulators in the capital and financial markets.

10.1.2 Investigations

To ensure the professional accountants' compliance with the ethical requirements, PAOs in Sri Lanka has initiated an Investigation and Disciplinary system as a monitoring mechanism of the ethical practices.

10.2 Legality

As given in para 2.1.1, a number of IFAC member PAOs are operating in Sri Lanka. As IFAC member bodies, these PAOs are bound to implement the

Code of Ethics issued by the International Ethics Standard Board for Accountants (IESBA). However, the applicability of the Code of Ethics of local PAOs is limited to the Members of PAOs and not to their students.

10.2.1 Ethics

IFAC Statement of Member Obligations (SMO) – 4, sets out the obligations of IFAC members towards the adoption and implementation of the Code of Ethics for Professional Accountants. IFAC SMO-4 requires IFAC member bodies to identify and undertake actions to have the Code of Ethics adopted and implemented in their jurisdictions. SMO-4 further states that, given the importance of consistent high-quality ethical standards, IFAC member bodies should not apply less stringent standards than those stated in the Code of Ethics

10.2.2 Investigations and Disciplinary

IFAC SMO-6 sets out requirements of an IFAC member body concerning mechanisms that provide for the investigation and discipline of those professionals who fail to exercise and maintain professional standards and related obligations. SMO-6 has stated the following requirements:

- IFAC member bodies shall identify and undertake actions to have a just and effective investigative and disciplinary system in place for their members;
- Each member shall be aware of all provisions of the code of ethics and other applicable professional standards, rules, and requirements (and any amendments), whether issued by the IESBA or by a responsible body at national level, and the consequences of non-compliance with these codes, standards, rules, and requirements; and
- Bodies responsible for the investigation and disciplinary system shall, in their constitution and rules provide for the investigation and discipline of misconduct, including breaches of professional standards by individual members.

In addition to that IFAC SMO-6 has stipulated requirements on Investigative and Disciplinary Powers, Initiation of Proceedings, Investigation Process, Disciplinary Process, Sanctions, Rights, Representation, and Appeal, Administrative Processes, Public Interest Considerations, Liaison with outside bodies, and Review of Implementation effectiveness.

PAOs operating in Sri Lanka have also ensured the compliance of SMO-6 by implementing Investigation and Disciplinary Systems through the regulations and/or by-laws. Investigation and Disciplinary Systems applicable for the members of ICASL and CMA are mainly governed by statutes of their own.

10.3 Convergence with International Standards

IESBA is an independent standard-setting body that develops an internationally appropriate Code of Ethics for Professional Accountants. The objective of IESBA is to serve public interests by setting high-quality ethics standards for professional accountants. IESBA Code contains three parts. Part A establishes the fundamental principles of professional ethics for professional accountants and provides a conceptual framework that professional accountants shall apply to (a) Identify threats to compliance with the fundamental principles, (b) Evaluate the significance of the threats identified, and (c) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level. Part B and C describe the application of the conceptual framework that applies in certain situations with examples. Part B and Part C are applicable for professional accountants in public practice and professional accountants in business respectively.

In 2020, IESBA released a new Code of Ethics replacing the 2018 edition to be effective from June 2021. The fundamentals of the Code of Ethics are unchanged, but several major revisions have been made, including stronger independence provisions and revised guidance for professional accountants in business. In addition, the new guidance is included relating to professional judgment and skepticism. The Code of Ethics was also amended for clarity and ease of use. All the PAOs operating in Sri Lanka have adopted the IESBA Code of Ethics and mandated for the member community of the respective organizations. However, by May 2021, the latest version of the Code of Ethics is yet to be adopted by the local PAOs.

10.4 Applicability of Ethics and Investigations

10.4.1 Institute of Certified Management Accountants of Sri Lanka (CMA)

Ethics

As per Section 19(1)(i) of the CMA Act No 23 of 2009, the Council of CMA is empowered to formulate the Code of Ethics for its members. According to subsections 2 and 3 of section 19, this has to be approved by the minister and shall be published in the Government Gazette. As published in the Government Gazette No. 1853/52 on 15th March 2014, The Code of Ethics issued by IFAC in

2010 and subsequent amendments made by IFAC thereafter, will be the applicable code of ethics for CMA members.

Investigations and Disciplinary Process The Council of CMA is empowered to make rules in respect of setting up disciplinary committees under Section 19(i) of the CMA Act. However, such rules are required to be approved by the Minister and published in the gazette. According to the rules made under Section 19 and published in the government gazette dated 15.03.2014, the council of CMA can disenroll any individual who is a member of the Institute, if satisfied that he is unfit to practice as an Accountant or a Finance Manager. The Section further states no person shall be disenrolled by the Council unless a disciplinary Committee has made a report after inquiry to the effect that such person has been found guilty of professional misconduct.

The Council of CMA Sri Lanka will appoint an Investigation Committee if the Council has noted professional misconduct by a member. After the investigation, the committee reports to the Council that there is a prima facie case of professional misconduct, and the Council will appoint a Disciplinary Committee for inquiring into the conduct of such a member. If the member is found guilty, the Council may suspend the member from the membership for a period as the Council may deem fit or impose a fine not exceeding Rs 10,000.

10.4.2 The Institute of Chartered Accountants of Sri Lanka (ICASL)

Ethics

Members of ICASL are also bound by the professional obligations imposed by the ICASL Act and the Code of Ethics adopted by it. ICASL has introduced the essence of professional ethics for its members from its early years. The Second Schedule to the ICASL Act No 23 of 1959 has listed "Professional Misconduct" that is prohibited for its members to carry out. The second schedule was published in the gazette for the first time in 1966 and revised in 1995. Paragraph 16 of the ICASL Act states that "The Council may disenroll any individual who is a member of the Institute if satisfied that he is unfit to practice the profession of an accountant and auditor by reason that he has been guilty of professional misconduct". Paragraph 20, further states that "For the purposes of this Act, "professional misconduct" means any act or omission which is for the time being specified in the Second Schedule to this Act and the Minister may, upon the recommendation of the Council, by Order published in the Gazette, amend, alter or add to any or all of the

provisions of the Second Schedule." Accordingly, the prevailing second schedule has been published in Government Gazette No. 867/17 of 21.04.1995.

In addition to the above, the ICASL has also mandated its Code of Ethics for the members. The first Code of Ethics was approved and published among the membership in 1974. The principles of the Code of Ethics were indicated in six broader categories; namely, Integrity and Objectivity, Independence, Competence and Technical Standards, Responsibilities of the Profession, Responsibilities to Clients, and Other Responsibilities and Practices.

The Code of Ethics of the ICASL was revised in 1993 and for the first time introduced the concept of public interest. The Code of Ethics comprises two parts. Part A applies to all the members and Part B applies only to the members in public practice. The Code of Ethics also recognizes the twin objectives of accountants to work to the highest standards of professionalism and the need to meet public requirements.

The ICASL has adopted the IFAC Code of Ethics 2005 as the Code of Ethics with effective from 01 January 2010. Due to this adoption, a new part to the Code of Ethics was added as Part C which was applicable solely for the Professional Accountants in Business. Accordingly, Part A specified the General Application, and Part B and Part C applied to Professional Accountants in Public Practice and Professional Accountants in Business respectively.

The ICASL has adopted the Code of Ethics 2014 version effective from 01 January 2015, which was in line with the IESBA Handbook of 2012. Later on, effective from 15 July 2017, the 2016 version of the Code of Ethics issued by IESBA was adopted. Subsequently, the 2018 version was adopted. This resulted in introducing a new responsibility to the members on Responding to Non-Compliance of Laws and Regulations (NOCLAR). ICASL has have not adopted the latest version of the IESBA Code (2020) at the time of publishing this book in May 2021.

Investigations and Disciplinary Process

The investigative and Disciplinary System of ICASL is governed by the Institute of Chartered Accountants Act. Paragraph 17(2) of the Act states, where the Council has reasonable cause to believe, whether, on a complaint made to it or otherwise, that any person who is a member of the ICASL has been guilty of professional misconduct, the Council may appoint an Investigating Committee to inquire into and report to the Council. If there is evidence, then the

Investigation Committee refers the issue to the Council for the appointment of a Disciplinary Committee as required by Section 17 (1) of the Act.

The procedure to be followed by the Disciplinary Committee is stated in the first schedule to the Act. If the member is found guilty then the Council, as per Section 18 of the Act, may warn or reprimand that member or suspend that member from membership. The member has the right to appeal to the Supreme Court against the Council decision.

10.4.3 the Association of Certified Chartered Accountants (ACCA)

Ethics

As stated earlier, ACCA is a United Kingdom (UK) based PAO and established a branch in Sri Lanka in 2002. ACCA Code of Ethics is set out in section 3 of the ACCA Rule Book. This has been mandated for the members, affiliates, and students of ACCA. The prevailing Code of Ethics of ACCA is based on the IESBA Code of Ethics-2018. It is also mentioned that an ACCA registered student, affiliate, or member who fails to comply with the Code of Ethics will be liable to disciplinary action.

Investigations and Disciplinary Process

Members, firms, as well as students, and affiliates, come within the jurisdiction of the ACCA disciplinary process. ACCA's disciplinary procedures deal with failure to observe proper standards of professional conduct and breaches of regulations which include conduct likely to bring discredit to ACCA and the accountancy profession and which may give rise to public concern. The rules governing disciplinary procedures are set out in ACCA's By-laws and Regulations, which are all contained in the ACCA Rulebook.

10.4.4 Chartered Institute of Management Accountants (CIMA-UK)

Ethics

CIMA-UK is a United Kingdom-based professional accountancy organization and operating in Sri Lanka from the 1960s. CIMA-UK members in Sri Lanka are bound by the regulations imposed by CIMA-UK. Both members and registered students of CIMA-UK are bound by the Code of Ethics issued. The prevailing Code of Ethics of CIMA –UK has been launched on 1st January 2020. Part A and Part B of the Code are based on the IESBA Code of Ethics -2018 and

Part C of the Code of Ethics was developed in cooperation with the American Institute of Certified Public Accountants (AICPA).

Investigations and Disciplinary Process

The disciplinary process of CIMA-UK is governed by CIMA-UK Regulations Part –II. CIMA-UK has a system of appointing an Investigation Committee, Disciplinary Committee, and an Appeal Committee to deal with the disciplinary process.

10.4.5 Association of Accounting Technicians in Sri Lanka (AATSL)

Ethics

AATSL is also an associate member of IFAC and incorporated under Companies Act No. 17 of 1982 and re-registered under Companies Act No. 07 of 2007. AATSL has introduced its first Code of Ethics in 2002. This was developed independently from IFAC. Subsequently, in 2017, AATSL converged its Code of Ethics with the IESBA Code of Ethics. Accordingly, AATSL has adopted the IESBA Code of Ethics -2016 as its Code of Ethics.

Investigations and Disciplinary Process

The Disciplinary process of AATSL is governed by the Disciplinary Regulations – 2014 of AATSL. Section 07 of the regulation states it shall be a ground for disciplinary action if a member is guilty of misconduct. This is defined as a member having, (i) conducted him/herself in such a manner as would in the opinion of the Governing Council, prejudice his/her status as a member of the Association or reflect adversely on the reputation of the Association; and ii) acted in serious or repeated breach of the Articles or of any Rules, Regulations or By-laws including the Code of Professional Conduct and Ethics adopted by the Council. AATSL has appointed a Disciplinary Committee and an Investigation Committee to deal with disciplinary procedures.

11. CORPORATE GOVERNANCE

11.1 Introduction

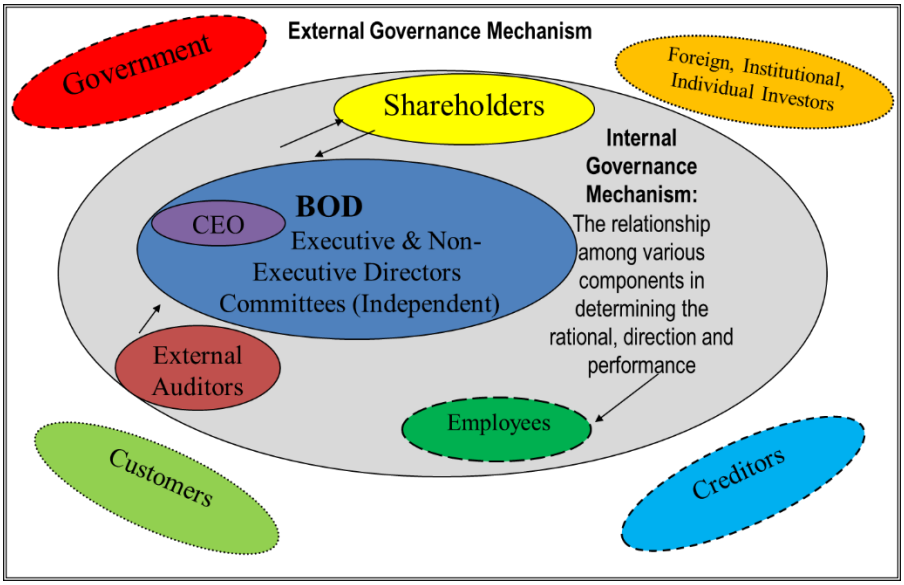
This chapter elaborates on Corporate Governance and Corporate Governance practices in Sri Lanka.

11.2 What is Corporate Governance

Corporate Governance is essentially the way in which enterprises are directed and controlled. Studies have shown that good Corporate Governance not only enhances the image and reputation of a company but produces direct economic benefits by making it more profitable and competitive. This in turn creates more value for all stakeholders. The Financial Reporting Council of the UK states that "Corporate governance is about what the Board of a company does and how it sets the values of the company and is to be distinguished from the day-to-day operational management of the company by full-time executives".

Dr. Hareendra Bandara in his Current Views on Corporate Governance in Sri Lanka: Evidence from Sri Lankan Corporate Boards describes the Governance Mechanism of an organization. The following figure, highlights the factors affecting the Governance Mechanism.

Figure 11.1: External Governance Mechanism



(Source: Current Views on Corporate Governance in Sri Lanka: Evidence from Sri Lankan Corporate Boards by Dr. Hareendra Dissa Bandara)

Corporate governance is defined by the World Bank as "the system by which companies are directed and controlled". It involves the balance of powers among three key corporate constituencies:

i. the board of directors, which is charged with monitoring, overseeing, and guiding the company;

ii. the shareholders, who invest their funds in the company's shares and, therefore, have the right to elect and possibly dismiss directors; and,

iii. the company's management, whom the board hires to run the company on a day-to-day basis.

Likewise, the Organization for Economic Cooperation and Development (OECD) which is an organization representing over thirty developed countries as members and has official relations with other international organizations and bodies, such as the World Bank, and many other United Nations bodies identify the following principles that should be included in a system of good Corporate Governance:

i. Ensuring the basis for an effective corporate governance framework: The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law, and clearly articulate the division of responsibilities among different supervisory, regulatory, and enforcement authorities;

ii. The rights of shareholders and key ownership functions: The corporate governance framework should protect and facilitate the exercise of shareholders' rights;

iii. The role of stakeholders in corporate governance: The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights;

iv. Disclosure and transparency: The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company; and

v. The responsibilities of the board: The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and shareholders.

11.3 Corporate Governance in Sri Lanka and Legality

The advocacy of good Corporate Governance has come to the forefront of the business landscape owing to the numerous Corporate Governance transgressions that shook investor confidence in the past. To ensure responsible business conduct and governance structures a majority of jurisdictions including Sri Lanka have introduced many Corporate Governance measures.

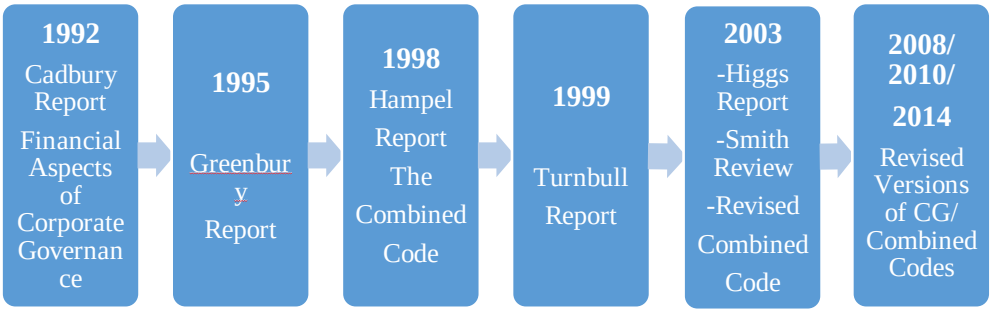
The development of Codes on Corporate Governance best practices began in Sri Lanka in 1997 with the introduction of the 'Code of Best Practice on Matters Related to Financial Aspects of Corporate Governance by the Institute of Chartered Accountants of Sri Lanka (ICASL). The latest version of the Code is the "Code of Best Practice on Corporate Governance 2017". ICASL has issued these Corporate Governance codes together with the Securities and Exchange Commission of Sri Lanka. The application of the Code is not mandatory.

11.4 Benchmarking Corporate Governance in Sri Lanka

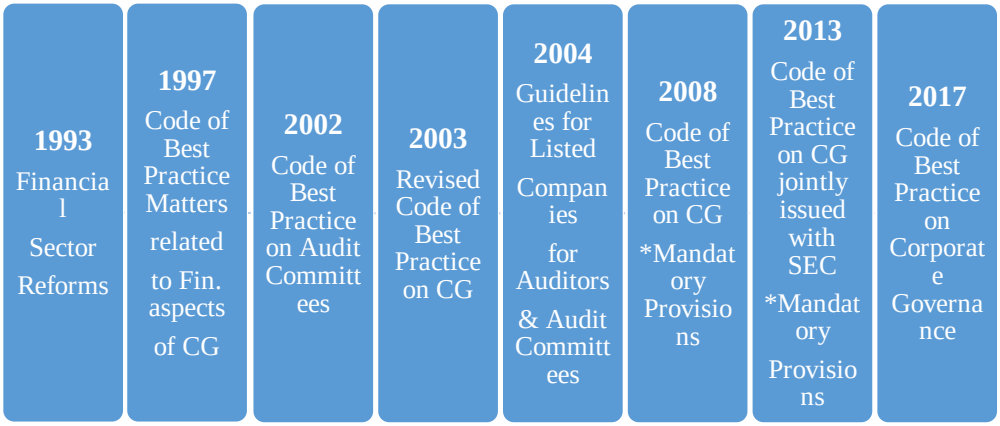
Sri Lanka benchmarks its Corporate Governance practices with the United Kingdom (UK). The following Figure 11.2 shows the development of Corporate Governance in the UK and comparative development in Sri Lanka

Figure 11.2: Corporate Governance in the UK and Sri Lanka

United Kingdom



Sri Lanka



11.5 Code of Best Practice on Corporate Governance 2017

The Code of 2017 builds on the previous Codes to strengthen best practices in governance in the context of global developments relevant to Sri Lanka, emerging contemporary matters of governance, and challenges with greater importance to the Sri Lankan capital market.

Some of the key Corporate Governance aspects listed in the 2017 Code are:

- Board Composition: An annual review of the composition of the board against a pre-defined criterion of skill and knowledge on the board; consideration of being fit and proper; gender representation; increase in the number of non-executives and consequent independent non-executives, in effect by a minimum of one on the board and committees;

- Board Meetings: Board to agree on the structure, process, regularity, form, and content of meetings; recording concisely in minutes, deliberations, and dissents; chairman's role in setting the agendas and seeking out views of all directors; timeline to deliver minutes to directors;
- Board's Role; more clarity on delegation of authority to the executive; recognition of sustainable business development and integrated reporting; cybersecurity; code of conduct & ethics; annual review and reporting on internal controls and risk;
- Expanding provisions of director's training and their authority to seek expert advice;
- Specimen Audit Committee Charter and an enhanced role for the Audit Committee on internal controls and risk reviews;
- Introduction of a Related Party Transaction Committee in line with the provisions of the Colombo Stock Exchange;
- A requirement for reporting on cybersecurity and impact from the internet;
- A requirement for Environment, Society & Governance (ESG) reporting and;
- Expanding Corporate Reporting to include: Integrated reporting considerations, annual internal controls and risk reviews, CEO and CFO declaration, compliance with Code of Conduct & Ethics, and fair value of property, plant, and equipment.

11.6 Corporate Governance Disputes

Corporate Governance disputes could involve the implementation of the Governance setup. Such disputes could involve shareholders, board directors, and senior executives. These disputes constitute a category of their own, one that differs from labor, commercial, consumer, or other disputes involving the corporation. Although this is less common for well-governed companies, most companies will experience some form of a Corporate Governance dispute.

Companies, their boards, investors, and other key stakeholders need to care about Corporate Governance disputes because once they arise, they can harm the company. Left unchecked, Corporate Governance disputes can have a highly negative impact on the company's reputation, operations, and performance and thereby lead to a loss in shareholder value and market standing.

Although the court is the traditional way of resolving disputes in many jurisdictions, the impact of litigation for Corporate Governance disputes can be highly counter-productive. The proceedings can inflame the dispute, increase its cost, damage the company's reputation, and delay the resolution of strategic issues. Moreover, Corporate Governance disputes often lack the

legal basis to be tried in court or are premised more on personal issues and/or business judgment than on legal principles. Apart from the litigation, Sri Lanka does not have a recognized mechanism to sort out Corporate Governance disputes.

12. EDUCATION AND TRAINING

12.1 Introduction

Chapter 2 highlighted the Professional and Academic Infrastructure available for Accounting and Auditing Education in Sri Lanka. This chapter elaborates the details of Education and Training in the Accounting and Auditing field provided by those institutions and organizations.

12.2 Secondary Education

As stated in para 2.2.1 there are three types of secondary schools namely Public, Private and International. After primary education, the junior secondary level (referred to as middle school in some places) lasts for 4 years (Grades 6-9) followed by 2 years (Grades 10-11) of the senior secondary level which is the preparation for the General Certificate of Education (G.C.E) Ordinary Level (O/Ls) and subsequently, GCE Advanced Level examinations. This system is followed by both Public and Private Schools but not the International Schools. For students to follow Accounting and Auditing as their career, most students select the so-called Commerce Stream at GCE level. However, it is not a must that one needs to follow the Commerce Stream to continue their Accounting and Auditing career. Most students who complete their GCE O/L and GCE A/L in other Streams select Accounting and Auditing as a Career after their Secondary Education.

The core subjects of the Commerce Stream at GCE A/L are Accountancy, Business Studies (BS) and Economics. Students who follow the commerce stream must choose at least two of the above subjects and one selected subject such as combined maths, a language, or a subject such as history.

The majority of International schools prepare students for the Edexcel General Certificate of Education (IGCSE) Ordinary, Advanced Subsidiary, and Advanced Level examinations, which is the most popular qualification. Preparation for Cambridge International Examinations is also offered by a few schools. By following these examinations, students cannot enter Government-funded Universities. However, if the students sit for the Government local A/L examination, then they are also eligible to free University education in the country. The Ministry of Education strongly advises all students to continue with their studies and complete GCE O/L and A/L examinations.

12.3 Tertiary Education

One can continue Tertiary education in the field of Accounting and Auditing in Sri Lanka by selecting either an Academic or Professional Education. Some do prefer, to first follow an Academic Degree and then move into Professional Education. However, some follow both Academic and Professional Education at the same time. This is more demanding but now it is becoming a popular way of continuing Tertiary Education. Chapter 2 identified Private and Public Universities and Professional Institutions that provide education in the field of Accounting and Auditing.

12.4 Private Sector Professional Education

All member bodies of International Federation of Accountants (IFAC) should follow the International Accountancy Education Standards (IESs) issued by the International Accounting Education Standards Board. (IAESB). The IESs establish requirements for (a) entry to professional accounting education programs, (b) Initial Professional Development of aspiring professional accountants, and (c) Continuing Professional Development of professional accountants. IAESB standards is given in the Appendix 7.

The curriculum and the training requirements of identified Private Sector Professional Institutions are given below.

12.4.1 The Institute of Certified Management Accountants (CMA)

The Table 12.1 below highlights the Composition of Course Units of CMA Sri Lanka to be followed by a student to complete its examinations.

Table 12.1: The Composition of Course Units of CMA

Level	Core Subjects	Supportive Subjects	Skills
Level 1- Foundation	1. Management Accounting Fundamentals 2. Financial Accounting (70%) & Finance Fundamentals (30%) 3. Fundamentals of Management (60%) & Economics (40%)	Quantitative Methods for Business	Business English I
Level 2 - Operational	1. Management Accounting 2. Advanced Financial Accounting (70%) & Finance (30% 3. Managing Business Operations (Operations Management 40%,	Commercial Law (50%) & Taxation (50%)	Business English II and Information Technology Applications

	People Management 30% & Marketing 30%)		
Level 3 - Managerial	1. Advanced Management Accounting 2. Corporate Reporting & Analysis 3. Managing Projects (50%) & Information Systems (50%)	Corporate Law (50%) & Advanced Taxation (50%)	Professional Communication
Level 4 - Strategic	1. Strategic Management Accounting 2. Financial Strategy & Valuation 3. Business Strategy (70%) & Risk Management (30%) 4. Corporate Governance (40%), Control Strategy (40%) & Ethics (20%)		
Level 5 – Apex	Integrative Case Study		Computer-Based Accounting

Source: CMA Professional Program Handbook 2018-2022

Candidates can choose to study for Levels 1 and 2 in Sinhala, Tamil, or English language while the medium of instruction thereafter is English only. In addition to completing the examinations, three-year practical training is needed to obtain membership of CMA

12.4.2 The Institute of Chartered Accountants of Sri Lanka (ICASL)

The Table 12.2 below highlights the Composition of Course Units of ICASL and the required training to be followed by a student to complete ICASL professional examinations and become a member.

Table 12.2: Composition of Course Units of ICASL

Stages	Subjects	Professional Training Requirement	Professional Skill Requirement	Exit Routes
Business Level I	• Financial Accounting • Business Mathematics & Statistics • Business Law • Business Environment & Economics	A minimum of 220 working days of practical work experience to be obtained at an approved training organization (Professional Experience I)	Business Communication I	Certified Business Accountant (CBA)

Business Level II	• Audit, Business Processes & Digitalization • Management Accounting • Business Taxation • Digital Business Strategy	A minimum of 220 working days of practical work experience to be obtained at an approved training organization	Business Communication in Business Information Technology	
Corporate Level	• Advanced Audit & Assurance • Financial Reporting & Governance • Advanced Management Accounting • Corporate Law	A minimum of 220 working Days of practical work experience to be obtained at an approved training organization. (Professional Experience II)	Corporate Communication Corporate Information Technology	Certified Corporate Accountant (CCA)
Strategic Level	• Advanced Business Reporting • Corporate Finance & Risk Management • Corporate Taxation • Strategic Management & Leadership	A minimum of 220 working days of practical work experience to be obtained at an approved training organization. (Professional Experience III)	Strategic Communication Information Technology and Data Analytics	1.CCA in Actuarial Science 2.CCA in Data Analytic 3.CCA in Finance 4.CCA in Taxation 5.CCA on Governance risk & control 6.CCA in Entrepreneurship
Integrated Case Study	• Professional Values, Ethics and Attitudes course unit • VivaVoce &Presentation • Case study report • If applying for practicing Certificate, Advanced Audit & Assurance •	Not applicable	Residential Program	Associate Chartered Accountant

Source: Curriculum 2020 Empowering Finance Professionals of the Future, the Institute of Chartered Accountants of Sri Lanka

12.4.3 Association of Chartered Certified Accountants (ACCA)

The Table 12.3 below highlights the Composition of Course Units of ACCA to be followed by a student to complete its professional examinations. In addition to completing the examinations, students should complete three years of practical training to become a member of ACCA.

Table 12.3: The Composition of Course Units of ACCA

Stages	Subjects	Professional Skill Requirement
Applied Knowledge	• Accountant in Business • Management Accounting • Financial Accounting	Ethics and Professional Skill Module
Applied Skills	• Corporate and Business Law • Performance Management • Taxation • Financial Reporting • Audit and Assurance • Financial Management	
Strategic Professional	**Essentials** • Strategic Business Leader • Strategic Business reporting **Option (Pick Two)** • Advance Financial Management • Advanced Performance Management • Advanced Taxation • Advanced Audit and Assurance	

Source: ACCA Syllabus Changes 2020

12.4.4 Chartered Institute of Management Accountants (CIMA-UK)

The Table 12.4 below highlights the composition of Course Units of CIMA UK to be followed by a student to complete their professional examinations. In addition to completing examinations, a student should complete three years of relevant practical experience, which can be gained before, during, and/or after studies.

Table 12.4: The Composition of Course Units of CIMA UK

Stages	Subjects	Professional Skill Requirement	Exit Routes
Certificate Level	• Fundamentals of Business Economics • Fundamentals of Management Accounting • Fundamentals of Financial Accounting	The CGMA Competency Framework	CIMA Certificate in Business Accounting
Operational Level (Implement)	• Managing Finance in a Digital World Management Accounting • Financial Reporting Operational Case Study Exam	The CGMA Competency Framework	CIMA Diploma in Management Accounting
Management (Monitor)	• Managing Performance • Advanced Management Accounting • Advanced Financial Reporting Management Case Study Exam		CIMA Advanced Diploma in Management Accounting
Strategic (Decide)	• Strategic Management • Risk Management • Financial Strategy Strategic Case Study Exam		Membership of The Chartered Institute of Management Accountants and the CGMA designation

Source: 2019 CIMA Professional Qualification Syllabus

12.4.5 Association of Accounting Technicians of Sri Lanka (AATSL)

The Figure 12.1 below highlights the composition of Course Units of AATSL to be followed by a student to complete their professional examinations and to become a member. In addition to completing the examinations, one year of practical training is necessary to obtain the membership of AATSL

Figure 12.1: The Composition of Course Units of AATSL

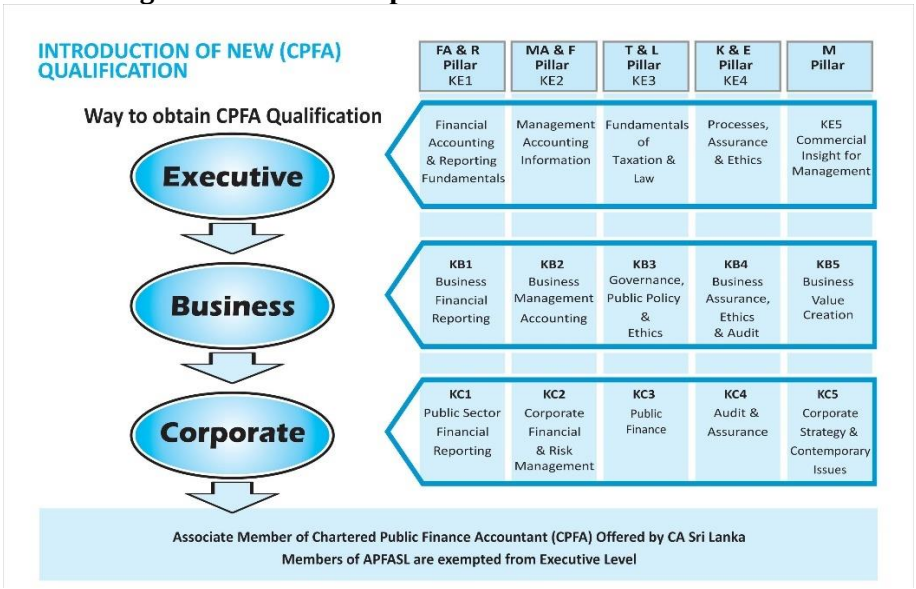
Source: https://aatsl.lk/index.php/en/examination/syllabus

12.5 Public Sector Professional Education

12.5.1 Association of Public Finance Accountants of Sri Lanka (APFASL)

The following Figure 12.2 highlights the examination structure and courses to be followed by a student to obtain CPFA qualification

Figure 12.1: The Composition of Course Units of APFASL



Source: APFASL Prospectus

12.6 Tertiary Academic Education- Private Universities

12.6.1 Institute of Chartered Accountants of Sri Lanka

The following Table 12.5 highlights the course content of the BSc in Applied Accounting Special program conducted by ICASL.

Table 12.5: The Course Content of the BSc in Applied Accounting Special program of ICASL

Year 01		
Semester	**Subject**	**Credits**
1	Financial Accounting	3
	Management Fundamentals	3
	Principles of Economics	2
	Financial Mathematic	3
	Business Law	2
	Business Communication & Skill Development I	2
2	Information Technology in Business	3
	Cost & Management Accounting	3
	Marketing Management	3
	Business Economics	2
	Business Statistics & Forecasting	2
	Business Taxation	2
Year 02		
Semester	**Subject**	**Credits**
1	Financial Reporting	3

	Business Processes, Controls & Audits	3
	Human Resource Management	2
	Management Information Systems	2
	Business Finance	3
	Business Communication & Skill Development II	2
2	Accounting in Digital Environment	3
	Advanced Management Accounting	3
	Audit & Assurance	3
	Operations Management	3
	Corporate Law	3
Year 03		
Semester	**Subject**	**Credits**
1	Corporate Reporting	3
	Digital Business Strategy	3
	Research Methodology	3
	Internship in Accounting I	4
	Skills in Leadership & Innovation	2
2	Governance, Ethics and Risk Management	3
	Corporate Taxation	4
	Package Based Data Analysis (Optional)	4
	Business Research Project (Optional)	
	Internship in Accounting II	4
Year 04		
Semester	**Subject**	**Credits**
1	Entrepreneurship (Optional)	2
	International Business (Optional)	
	Organizational Behavior (Optional)	
	Corporate Finance & Risk Management	3
	Internship in Accounting III	4
	Choose one option	
	Option 1 - Major in Business Analytics	
	Business Intelligence	3
	Business Analytics	3
	Option 2 - Major in Forensic Accounting	
	Information Security & Fraud Analytics	3
	Forensic Accounting	3
	Option 3 - Major in Financial Analysis	
	Security Analysis & Business Valuation	3
	Financial Modeling & Forecasting	3
2	Contemporary Issues in Accounting	2
	Strategic Management	3
	Dissertation	6
	Internship in Accounting IV	4

Source: Student Handbook ICASL Degree Program

12.6.2 Sri Lanka Institute of Information Technology (SLIIT)

The following Table 12.6 highlights the course content of the BBA (Hons) in Accounting and Finance program conducted by SLIIT.

Table 12.6: The Course Content of the BBA (Hons) in Accounting and Finance program of SLIIT

Year 01		
Semester	**Subject**	**Credits**
	Accounting (Compulsory for non-accounting background students)	
1	Learning and Study Skills	1
	Principles of Management	3
	Microeconomics	3
	Business Mathematics	3
	Information Technology for Business	3
	English Language Skills I	3
2	Self-Management	1
	Principles of Marketing	3
	Financial Accounting	3
	Legal & Political Environment in Business	3
	Human Resources Management	3
	English Language Skills II	3
Year 02		
Semester	**Subject**	**Credits**
1	Personal Development Planning	1
	Organizational Behavior	3
	Management Accounting	3
	Macroeconomics	3
	Business Statistics	3
	Business Communication	3
2	Leadership and Teamwork	1
	Operations and Supply Chain Management	3
	Business Information Systems	3
	Financial Management	3
	Operations Research	3
	Entrepreneurship	3
Year 03		
Semester	**Subject**	**Credits**
1	Corporate Finance	3
	Application Software in Accounting	2
	Advanced Management Accounting	3
	Financial Reporting	3
	Career Readiness and Business Etiquette	1
	Project Management (Optional)	3
	Strategic Management (Optional)	
2	Research Methodology	3
	Financial Analysis for Business	3
	Professional Relationships and Networking	1
	Choose one option	
	Option 1	
	Business Internship	6
	Option 2	
	Global Business and Strategy	3
	Business Law	3
Year 04		
Semester	**Subject**	**Credits**

1	Comprehensive Research Project (Continue to semester 2)	9
	Taxation	3
	Investment and Portfolio Management	3
	Contemporary Issues in Accounting and Finance (Optional)	2
	Banking (Optional)	
2	Financial Modeling	3
	Strategic Finance	3
	International Financial Management	3
	Audit and Assurance	2

Source: Student Handbook SLIIT

12.6.3 KAATSU International University

The following Table 12.7 highlight the course content of the Bachelor of Management Honors in Accounting program conducted by SLIIT

Table 12.7: The Course Content of the Bachelor of Management Honors in Accounting program of SLIIT

Year 01	
Semester	**Subject**
1	Management Principles and Practices
	Business & Environment
	Business Mathematics
	Microeconomics
2	Elements of Sociology and Psychology
	Principles of Accounting
	Macroeconomics
	Business Communication
	Business Statistics
Year 02	
Semester	**Subject**
1	Management Information System
	Management Accounting
	Organizational Behavior
	Marketing Management
	Human Resources Management
2	Organization Theory
	Financial Management
	Commercial and Industrial Law
	Taxation
	Business Ethics and Corporate Responsibilities
	Accounting Information System (Optional)
Year 03	
Semester	**Subject**
1	Auditing
	Computer-Based Business Statistics

	Personality Development
	Entrepreneurship and SME
	Organizational Change and Development
	Advance Financial Accounting & Reporting (Optional)
2	Industrial Training
	Strategic Management
	Conflict Management
	Knowledge Management
	Accounting and Finance Modeling (Optional)
	Cooperate Governance, Risks, and Ethics (Optional)
Year 04	
Semester	**Subject**
1	Research Methods and Academic Writing
	Culture and Management
	Working Capital Management
	Investment Analysis and Portfolio Management
	Financial Reporting and Regulations
	Business Valuation Theory and Application (Optional)
2	Research Project
	Operation Management
	Computer-Based Accounting
	Forensic Accounting (Optional)

Source: Student Handbook

The university does not publish the detailed credit offerings of the program. The total credits for the four-year degree program are supposed to be 120.

12.6.4 Sri Lanka Technological Campus (SLTC)

During the first two years, students of SLTC Business Management in Accounting and Finance program follow a common program which covers overall Management subjects such as Accounting, Finance, Marketing Human Resource Management, IT, Business Mathematics & Statistics, Economics, English, Management, etc. The third and fourth years, students specialize in Accounting & Finance. Details of the bachelor's degree program are not publicly available.

12.7 Tertiary Academic Education - State Universities

This section will highlight the selected tertiary academic education programs conducted by the state universities. Information has been extracted from the Student Handbooks of each University.

12.7.1 Eastern University

The following table highlights the course structure of the B. Com (Honors) in Accounting and Finance degree conducted by the Eastern University.

Table 12.8: The Course Contnet of the B. Com (Honors) in Accounting and Finance degree of the Eastern University

Year 01		
Semester	**Subject**	**Credits**
1	Management Process and Practice	3
	Computing Theory and Application - 1	2
	Financial Accounting	2
	Microeconomics	3
	Business Mathematics	3
	Basic Tamil/Sinhala	2
	Busines Communication	2
2	Cost & Management Accounting	3
	Computing Theory and Application – 2	2
	Psychological and Social Harmony	2
	Business Law	3
	Business Statistics	3
	Business Skills Development	2
	Career Progression – 1	1
Year 02		
Semester	**Subject**	**Credits**
1	Marketing Management	3
	Fundamentals of Corporate Finance	3
	Organizational Behavior Management	3
	Macroeconomics	3
	Auditing and Assurance	3
	Fundamentals of Science	2
2	Human Resource Management	3
	Management Information System	2
	Entrepreneurship Development	2
	Management Science	3
	Advanced Accounting	3
	Career Progression – 2	1
	English Language Skills	2
Year 03		
Semester	**Subject**	**Credits**
1	Computer Applications in Accounting	3
	Advanced Financial Accounting	3
	Capital Market and financial institutions	3
	Business Environment	2
	Taxation Management	3
	Industrial Exposure in Commerce	1
2	Research Methodology in Commerce	3
	Statistical Software Application in Business	3
	Managerial Economics	3
	International Trade and Finance	3

	Optional Course	3
Year 04		
Semester	**Subject**	**Credits**
1	Financial Reporting and Statement Analysis	3
	Public Sector Accounting	3
	International accounting	3
	Contemporary Issues in Accounting & Finance	3
	Portfolio Investment Analysis	3
2	Dissertation in Accounting & Finance	6
	Internship in Accounting & Finance	6
	Community Outreach Project in Accounting & Finance	3

12.7.2 Rajarata University

The following Table 12.9 highlights the course structure of the B.Sc. in Accountancy and Finance degree conducted by the Rajarata University.

Table 12.9: The Course Content of the B.Sc. in Accountancy and Finance degree of the Rajarata University

Year 01		
Semester	**Subject**	**Credits**
1	Principles of Management	3
	Microeconomics	3
	Financial Accounting 1	3
	Business Mathematics	3
	Information Technology Fundamentals	3
	General English 1	None
2	Positive Psychology and Career Development	3
	Macroeconomics	3
	Financial Accounting 2	3
	Business Statistics	3
	Social and Ethnic Harmony	3
	General English 2	None
Year 02		
Semester	**Subject**	**Credits**
1	Human Resource Management	3
	Marketing Management	3
	Advanced Financial Accounting	4
	Business Law	3
	Management Science	3
	Business English	1
2	Auditing and Assurance	3
	Computer-Based Accounting	4
	Cost and Management Accounting	3
	Management Information Systems	3
	Taxation	2
	Business Communication	2
Year 03		

Semester	Subject	Credits
1	Financial Management	4
	Operation Management	3
	Organization behavior	3
	Advanced Management Accounting	3
	Advanced Accounting Theory	3
	Communication and Professional Development	2
2	Investment and Portfolio Management	4
	Financial Reporting	3
	Auditing & Assurance	3
	Financial Security and Capital Market	3
	Procurement and Inventory Management	3
	Research Methodology	3
Year 04		
Semester	**Subject**	**Credits**
1	Financial Statement Analysis	4
	Strategic Management	4
	Corporate Finance	3
	Business Valuation Theory and Practices	3
	Financial Modeling and Forecasting	4
	Independent Research in Accounting and Finance	6
2	Industrial Training and Project Management	9
	Governance and Risk Management	3
	Project Management	3
	International Financial Management	3

12.7.3 Sabaragamuwa University

The following Table 12.10 highlights the course structure of the B.Sc. (Honors) in Financial Management degree conducted by the Sabaragamuwa University.

Table 12.10: The Course Content of the B.Sc. (Honors) in Financial Management degree of the Sabaragamuwa University.

Year 01		
Semester	**Subject**	**Credits**
1	Principles of Management	3
	Financial Accounting	3
	Business Mathematics	4
	Microeconomics	2
	Introduction to ICT and Computer Applications	4
	Business English 1	3
2	Fundamentals of Financial Management	3
	Business Statistics	3
	Marketing Management	3
	Macroeconomics	2
	Database Systems and Network Technology	4
	Business English 2	3
Year 02		

Semester	Subject	Credits
1	Intermediate Accounting	3
	Organizational Behavior	3
	Advanced Financial Management	3
	Managerial Economics	3
	Accounting Packages and Computer Programming	2
	Business Communication 1	3
2	Investment Analysis and Portfolio Management	3
	Human Resource Management	3
	Entrepreneurship and Small Business Management (Optional)	3
	Development Economics (Optional)	
	Commercial Law	3
	System Analysis and Design	2
	Business Communication 2	3
Year 03		
Semester	**Subject**	**Credits**
1	Advanced Financial Accounting	3
	Operations Management	3
	Cost Accountancy	3
	Auditing	3
	Taxation	3
	Company and Banking Law	2
2	Management Accountancy	3
	Management Information Systems	3
	Operational Research	3
	Financial Econometrics	3
	Research Methodology	3
	Strategic Management	3
Year 04		
Semester	**Subject**	**Credits**
1	Strategic Financial Management	3
	Financial Statement Analysis	3
	International Trade and Finance	3
	Financial Derivatives	3
	Proposal Development and Academic Writing	1
2	Thesis	05
	Internship	03

12.7.4 South Eastern University

The following Table 12.11 highlights the course structure of the BBA Accounting Special program Finance conducted by the South Eastern University.

Table 12.11: The Course Content of the BBA Accounting Special program Finance degree of the South Eastern University.

Year 01		
Semester	**Subject**	**Credits**
1	General English 1	2
	Information & Communication Technology	3
	Mathematics for Business	3
	Microeconomics	3
	Principles of Management	3
	Psychology for Life	2
	Sinhala Language 1 (Only for Tamil speaking students)	2, Non-GPA
	Tamil Language 1 (Only for Sinhala speaking students)	2, Non-GPA
2	General English 2	2
	Computer Literacy and Applications	3
	Business Statistics	3
	Macroeconomics	3
	Career Guidance & Development 2	2
	Financial Accounting	3
	Sinhala Language 2 (Only for Tamil speaking students)	2, Non-GPA
	Tamil Language 2 (Only for Sinhala speaking students)	2, Non-GPA
Year 02		
Semester	**Subject**	**Credits**
1	Introduction to Tourism & Hospitality Management	2
	Ethnic Cohesion and Peace Building	2
	Business Communication	2
	Cost Accounting	3
	Organizational Behavior	3
	Management Information System	3
	Commercial and Industrial Law	2
2	Management Accounting	3
	Operations Management	3
	Marketing Management	3
	Financial Management	3
	Human Resource Management	3
	Entrepreneurial Development	2
Year 03		
Semester	**Subject**	**Credits**
1	Advanced Financial Accounting	3
	Auditing	3
	Taxation	3
	Quantitative Techniques for Management	3
	Computer Application for Accounting (Optional)	3
	Computer Software and Applications (Optional)	
2	Computerized Accounting System	3
	Accounting Theory and Standard	3

	Financial Reporting	3
	Strategic Management Accounting	3
	Research Methodology	2
	Statistical Analysis for Management (Optional)	3
	Business Economics (Optional)	
Year 04		
Semester	**Subject**	**Credits**
1	Public Accounting and Finance	3
	Investment Analysis and Portfolio Management	3
	Strategic Management	3
	E-Commerce	3
	Financial Statement Analysis	3
	Business Ethics & Etiquettes	2
	Career Guidance & Development 2	1
2	Industrial Training	2
	Dissertation	6

The following Table 12.12 highlights the course structure of the BBA Finance Special degree conducted by the South Eastern University.

Table 12.12: The Course Cotntent of the BBA Finance Special degree of the South Eastern University.

Year 01		
Semester	**Subject**	**Credits**
1	General English 1	2
	Information & Communication Technology	3
	Mathematics for Business	3
	Microeconomics	3
	Principles of Management	3
	Psychology for Life	2
	Sinhala Language 1 (Only for Tamil speaking students)	2, Non-GPA
	Tamil Language 1 (Only for Sinhala speaking students)	2, Non-GPA
2	General English 2	2
	Computer Literacy and Applications	3
	Business Statistics	3
	Macroeconomics	3
	Career Guidance & Development 2	2
	Financial Accounting	3
	Sinhala Language 2 (Only for Tamil speaking students)	2, Non-GPA
	Tamil Language 2 (Only for Sinhala speaking students)	2, Non-GPA
Year 02		
Semester	**Subject**	**Credits**
1	Introduction to Tourism & Hospitality Management	2
	Ethnic Cohesion and Peace Building	2
	Business Communication	2

	Cost Accounting	3
	Organizational Behavior	3
	Management Information System	3
	Commercial and Industrial Law	2
2	Management Accounting	3
	Operations Management	3
	Marketing Management	3
	Financial Management	3
	Human Resource Management	3
	Entrepreneurial Development	2
Year 03		
Semester	**Subject**	**Credits**
1	Advanced Financial Accounting	3
	International Finance	3
	Advanced Corporate Finance	3
	Quantitative Techniques for Management	3
	Computer Application for Accounting (Optional)	3
	Taxation (Optional)	
2	Business Economics	3
	Bank Management	3
	Valuation Theory and Applications	3
	Financial Reporting	3
	Research Methodology	2
	Statistical Analysis for Management (Optional)	3
	Small Business Management and Entrepreneurship (Optional)	
Year 04		
Semester	**Subject**	**Credits**
1	Public Accounting and Finance	3
	Investment Analysis and Portfolio Management	3
	Strategic Management	3
	E-Commerce	4
	Financial Statement Analysis	3
	Business Ethics & Etiquettes	2
	Career Guidance & Development 2	1
2	Industrial Training	2
	Dissertation	6

12.7.5 University of Colombo

The following Table 12.13 highlights the course structure of the BBA in Accounting degree conducted by the University of Colombo.

Table 12.13: The Course Content of the BBA in Accounting degree of the University of Colombo

Year 01		
Semester	**Subject**	**Credits**
1	Business Mathematics	3
	Financial Accounting	3
	Management process and Practice	3
	Microeconomics	3
	Elements of Information and Communication Technology	2
	Functional English and Basic Academic Writing	2
	Second Language Course (Sinhala or Tamil)	None
2	Basic Finance	3
	Basic Statistics	3
	Organizational Behavior	3
	Business Communication	2
	Elements of Psychology and Sociology	2
	Management Accounting	2
	Community Development Project	1
	One from the below:	
	Aesthetic Activities	None
	Enhancement Course	
	Sports Activities	
Year 02		
Semester	**Subject**	**Credits**
1	Financial Management	3
	Human Resource Management	3
	Macroeconomics	3
	Marketing Management	3
	Customer Relationship Management	2
	Introduction to International Business	2
2	Advanced Financial Accounting	3
	Commercial Law	3
	Operations Management	3
	Organizations Theory and Design	3
	Business Statistics	2
	Financial Institutions and Markets	2
Year 03		
Semester	**Subject**	**Credits**
1	Research methods	3
	Management information systems	2
	Taxation	3
	Advanced Management Accounting	2
	Auditing	2
	Project Management	2
	Business process reengineering (Optional)	2
	Working Capital Management (A) (Optional)	2
	Organizational Control Systems (A), (B) (Optional)	2
2	Strategic Management	3
	Enterprise Based Project	2

	Computer-Based Accounting	3
	Seminar on Applied Research (For Applied Research Project Students only) (Optional)	2
	Seminar on Research (For Dissertation Students only) (Optional)	2
	Financial Reporting and Regulations	2
	Advanced Auditing (A) (Optional)	2
	Forensic Accounting (A) (Optional)	2
	Public Sector Accounting (Optional)	2
	Change Management (B) (Optional)	2
	Total Quality Management (B) (Optional)	2
Year 04		
Semester		**Credits**
1	Contemporary Issues in Accounting	2
	Strategic Management Accounting	2
	Dissertation (Optional)	8
	Applied Research Project (Optional)	6
	Corporate Governance (Optional)	2
	Corporate Social Reporting (Optional)	2
	Internal Control and Risk management (A) (Optional)	2
	Tax Planning and Management (Optional)	2
	Value Stream Mapping (B) (Optional)	2
	Business Ethics (A), (B) (Optional)	2
2	Industrial Training	8

A - This course is available specifically for students who intend to develop a career in the field of internal auditing.

B – This course is available specifically for students who intend to develop a career in the field of business process analysis.

The following Table 12.14 highlights the course structure of the BBA in Finance degree conducted by the University of Colombo.

Table 12.14: The Course Content of the BBA in Finance degree of the University of Colombo

Year 01		
Semester	**Subject**	**Credits**
1	Business Mathematics	3
	Financial Accounting	3
	Management process and Practice	3
	Microeconomics	3
	Elements of Information and Communication Technology	2
	Functional English and Basic Academic Writing	2
	Second Language Course (Sinhala or Tamil)	None
2	Basic Finance	3
	Basic Statistics	3
	Organizational Behavior	3
	Business Communication	2
	Elements of Psychology and Sociology	2
	Management Accounting	2

	Community Development Project	1
	One from the below:	
	Aesthetic Activities	None
	Enhancement Course	None
	Sports Activities	None
Year 02		
Semester	**Subject**	**Credits**
1	Financial Management	3
	Human Resource Management	3
	Macroeconomics	3
	Marketing Management	3
	Customer Relationship Management	2
	Introduction to International Business	2
2	Advanced Financial Accounting	3
	Commercial Law	3
	Operations Management	3
	Organizations Theory and Design	3
	Business Statistics	2
	Financial Institutions and Markets	2
Year 03		
Semester	**Subject**	**Credits**
1	Research Methods	3
	Management Information Systems	2
	Corporate Finance	3
	Management Science Application	3
	Theory and Practice of Banking	3
	Business ethics and Corporate Governance (Optional)	2
	Financial Mathematics (Optional)	2
	Microfinance (Optional)	2
2	Strategic Management	3
	Enterprise Based Project	2
	Investment analysis and Portfolio Management	3
	Seminar on Applied Research (For Applied Research Project Students only) (Optional)	2
	Seminar on Research (For Dissertation Students only) (Optional)	2
	Financial Econometrics	2
	Behavior Finance (Optional)	2
	e-Business (Optional)	2
	Financial Reporting and Analysis (Optional)	2
	Financial Sector Development and Regulations (Optional)	2
Year 04		
Semester	**Subject**	**Credits**
1	Auditing	2
	Taxation	2
	Dissertation (Optional)	8
	Applied Research Project (Optional)	6
	Business Valuation (Optional)	2
	Derivatives and Alternative Investments (Optional)	2
	Fixed Income Securities (Optional)	2
	International Financial Management (Optional)	2

	Risk Management and Insurance (Optional)	2
2	Industrial Training	8

12.7.6 University of Jaffna

The following Table12.15 highlights the course structure of the BBA in Accounting degree conducted by the University of Jaffna.

Table 12.15: The Course Content of the BBA in Accounting degree of the University of Jaffna

Year 01		
Semester	**Subject**	**Credits**
1	Principles of Management	3
	Business Environment	3
	Financial Accounting – I	3
	Fundamentals of Corporate Finance	3
	Introduction to Information Technology	2
	Business Communication– I	2
2	Marketing Management	3
	Financial Accounting –II	3
	Business Mathematics	3
	Business Economics	3
	Social Harmony & Business Skills Development	2
	Business Communication II	2
Year 02		
Semester	**Subject**	**Credits**
1	Managerial Economics	3
	Business Statistics I	3
	Audit and Assurance	2
	Human Resource Management	3
	Advanced Computer Applications in Business	3
	Business Communication III	2
2	Business Law	2
	Business Statistics II	3
	Small Business Management	3
	Management Accounting	3
	Organizational Behavior	3
	Business Taxation	2
	Business Communication IV	None
Year 03		
Semester	**Subject**	**Credits**
1	Advanced Financial Accounting	3
	Advanced Management Accounting	3
	Computerized Accounting	3
	Management Science Application	3
	Security Analysis and Portfolio Management (Optional)	2
	Contemporary Issues in Accounting (Optional)	2
	Accounting for Small Business (Optional)	2
2	Research Methodology in Accounting	3

	Financial Reporting	3
	Accounting Information System	3
	Strategic Management	3
	Investment Accounting (Optional)	2
	International Accounting (Optional)	2
	Advanced Business Taxation (Optional)	2
Year 04		
Semester	**Subject**	**Credits**
1	Advanced Auditing	3
	Computer Applications for Research in Accounting	3
	Project Management	3
	Operational Management	3
	Corporate Responsibility Reporting (Optional)	2
	Public Sector Accounting (Optional)	2
2	Dissertation in Accounting	8
	Internship in Accounting	6

The following Table 12.16 highlights the course structure of the BBA in Financial Management degree conducted by the University of Jaffna.

Table 12.16: The Course Content of the BBA in Financial Management degree of the University of Jaffna

Year 01		
Semester	**Subject**	**Credits**
1	Principles of Management	3
	Business Environment	3
	Financial Accounting – I	3
	Fundamentals of Corporate Finance	3
	Introduction to Information Technology	2
	Business Communication– I	2
2	Marketing Management	3
	Financial Accounting –II	3
	Business Mathematics	3
	Business Economics	3
	Social Harmony & Business Skills Development	2
	Business Communication II	2
Year 02		
Semester	**Subject**	**Credits**
1	Managerial Economics	3
	Business Statistics I	3
	Audit and Assurance	2
	Human Resource Management	3
	Advanced Computer Applications in Business	3
	Business Communication III	2
2	Business Law	2
	Business Statistics II	3
	Small Business Management	3
	Management Accounting	3

	Organizational Behavior	3
	Business Taxation	2
	Business Communication IV	None
Year 03		
Semester	**Subject**	**Credits**
1	Advanced Corporate Finance	3
	Investment analysis and portfolio management	3
	Micro Finance	3
	Management Science Application	3
	Entrepreneurial Finance (Optional)	2
	Financial Reporting (Optional)	2
	Corporate Governance (Optional)	2
2	Research Methodology in Finance	3
	International Financial Management	3
	Financial Derivatives & Insurance	3
	Strategic Management	3
	Public Financial Management (Optional)	2
	Financial Modeling (Optional)	2
	Bank Management (Optional)	2
Year 04		
Semester	**Subject**	**Credits**
1	Computer applications for research in Finance	3
	Strategic Financial Management	3
	Project Management	3
	Operations Management	3
	Behavioral Finance (Optional)	2
	Management Control System (Optional)	2
	Contemporary issues in Finance (Optional)	2
2	Dissertation in Finance	8
	Internship in Finance	6

The following Table highlights the course structure of the B Com (Accounting & Finance) degree conducted by the University of Jaffna.

Table 12.17: The Course Content of the B Com (Accounting & Finance) degree of the University of Jaffna.

Year 01		
Semester	**Subject**	**Credits**
1	Business Environment	3
	Economic for Enterprises	3
	Principles and Practice of Banking	3
	Business Mathematics and Statistics	3
	Financial Accounting-I	3
	Business Communication-I	2
2	Principles of Management	3
	Financial Accounting-II	3
	Corporate Law	3
	Entrepreneurship Development	3
	IT Applications in Business	3
	Business Communication-II	None

Year 02		
Semester	**Subject**	**Credits**
1	Cost Accounting and Business Finance	3
	Organizations Management	3
	Database Management	3
	Strategic Business Management	3
	Marketing Management	3
	Business Communication-III	None
2	Management Accounting	3
	Auditing Applications & Taxation	3
	Management Science	3
	Advanced Financial Accounting	3
	Economics Analysis for Business	3
	Business Communication-IV	None
Year 03		
Semester	**Subject**	**Credits**
1	Operations Management	3
	Human Resource Management	3
	Corporate Accounting	3
	Advanced Corporate Finance	3
	Computerized Accounting	3
	Public Finance (Optional)	2
	Investment & Portfolio Management (Optional)	2
2	Research Methodology	3
	Computer Application for Research	3
	Advanced Business Taxation	3
	Advanced Management Accounting	3
	Business Information System	3
	Financial Risk Management (Optional)	2
	Accounting Theory and Application (Optional)	2
Year 04		
Semester	**Subject**	**Credits**
1	Business Ethics & Corporate Governance	3
	International Trade & Finance	3
	Forensic and Investigative Accounting	3
	Integrated Financial Reporting	3
	Project Management	3
	Micro Finance (Optional)	2
	Financial Statement Analysis (Optional)	2
2	Internship in Accounting & Finance	6
	Dissertation in Accounting & Finance	8

The following Table 12.18 highlights the course structure of the BBA in Accounting degree conducted by the Vounia Campus of the University of Jaffna.

Table 12.18 The Course Content of the BBA in Accounting degree of the Vounia Campus.

Year 01		
Semester	**Subject**	**Credits**
1	Financial Accounting 1	3
	Microeconomics	3
	Principles of Management	3
	Business Mathematics	3
	Fundamentals of Information Technology	3
	Proficiency in English 1	3, Non-GPA
	Language for Integration	2, Non-GPA
2	Financial Accounting 2	3
	Macroeconomics	3
	Marketing Management	3
	Business Statistics	3
	Human Resource Management	3
	Career Guidance and Soft Skills Development	2, Non-GPA
	Proficiency in English 2	3, Non-GPA
Year 02		
Semester	**Subject**	**Credits**
1	Cost and Management Accounting	3
	Business Law	3
	Organization Behavior	2
	Basic Science	1, Non-GPA
	Business Communication 1	2
	Taxation	3
	Managerial Economics	3
2	Financial Management	3
	Operation Research	3
	Logistics and Supply Chain Management (Optional)	2
	Sri Lankan Economy (Optional)	
	Business Communication 2	2
	Social Harmony and Active Citizenship	2, Non-GPA
	Advanced Financial Accounting	3
	Corporate Governance	3
Year 03		
Semester	**Subject**	**Credits**
1	Entrepreneurship and Small Business Management	3
	Operations and Quality Management	3
	Banking and Finance	3
	Proficiency in English 3	3, Non-GPA
	Financial Econometrics	3
	International Financial Management	3

	Microfinance	3
2	Management Information Systems	3
	Auditing and Assurance	3
	Corporate Finance	3
	Project Report	1
	Proficiency in English 4	3, Non-GPA
	Financial Derivatives and Insurance	3
	Computer-based Accounting	3
	Investment and Portfolio Management	3
Year 04		
Semester	**Subject**	**Credits**
1	Strategic Management	3
	Research Methodology	3
	Statistical Applications in Research	3
	Advanced Management Accounting	3
	Financial Statement Analysis	2
	Advanced Taxation	3
	Public Sector Accounting	3
	Seminar in Finance	1
2	Dissertation	6
	Internship	3

12.7.7 University of Kelaniya

The following Table 12.19 highlights the course structure of the BBM in Accounting degree conducted by the University of Kelaniya.

Table 12.19: The Course Content of the BBM in Accounting degree of the University of Kelaniya

Year 01		
Semester	**Subject**	**Credits**
1	Financial Accounting	3
	Information & Digital Technology	3
	Business Mathematics	3
	Macroeconomics	3
	Management & Organization	3
2	Macroeconomics	3
	Financial reporting & Digitalization	4
	Business Law	2
	Business Statistics	3
	Cost & Management Accounting	3
Year 02		
Semester	**Subject**	**Credits**
1	Corporate Law	3
	Business Taxation	3
	Auditing & Assurance	3
	Corporate Finance	3
	Marketing Management	2

	Advanced English for Commerce & Management Studies	2
2	Advanced Management Accounting	3
	Business Reporting, Governance & Ethics	3
	Advanced Corporate Finance	3
	Human Resource Management	3
	Applied Digital Marketing (Optional)	2
	Career Planning (Optional)	2
	Creativity & Innovation (Optional)	2
	Personal Finance (Optional)	2
Year 03		
Semester	**Subject**	**Credits**
1	Advanced Business Reporting	3
	Advanced Audit & Assurance	3
	Project Management	3
	Managerial economics	2
	English for Commerce & Management Professionals	2
	International Finance (Optional)	2
	Digital Business Practices (Optional)	2
2	Business Research Methods	3
	Information Management	3
	Corporate Taxation	3
	Forensic Accounting	3
	Public Sector Accounting (Optional)	3
	Performance Management (Optional)	3
	Investment Analysis & Portfolio Management (Optional)	3
Year 04		
Semester	**Subject**	**Credits**
1	Strategic Management	3
	Enterprise Accounting systems	3
	Organizational behavior & Emotional Intelligence	3
	Business Analytics & Financial Modeling	3
	Econometrics (Optional)	3
	Risk Analysis & Management (Optional)	3
2	Contemporary Issues in Accounting	3
	Internship in Accountancy	6
	Dissertation in Accountancy	6

The following Table 12.20 highlights the course structure of the BBM in Finance degree conducted by the University of Kelaniya.

Table 12.20: The Course Content of the BBM in Finance degree of the University of Kelaniya

Year 01	
Semester	**Subject**
1	Microeconomics
	Mathematics for Business
	Financial Accounting
	Management Principles & Practices
	Principles of Finance
	Fundamentals of Information Technology
2	Business Statistics
	Fundamentals of Managerial Accounting
	Macroeconomics
	Marketing for Financial Services
	Skills Development
Year 02	
Semester	**Subject**
1	Corporate Finance
	Advanced Managerial Accounting
	Advanced Financial Accounting
	Corporate Compliance
	Advanced English for Commerce & Management Studies
2	Computer modeling in Finance
	Business & Corporate Law
	Financial Reporting & Analysis
	Project Management& Financing
	Corporate Governance & Business Ethics
	Corporate Reporting for Decision Making (Optional)
	Career Planning (Optional)
	Applied Digital Marketing (Optional)
	Creativity & Innovation (Optional)
Year 03	
Semester	**Subject**
1	Monetary Economics
	Financial Data Science
	Investment Analysis & Portfolio Management
	Risk Management
	Strategic Management
	English for Commerce & Management Professionals
	Management Science Application (Optional)
	Analysis of Fixed Income Investment (Optional)
	Small Business management & Entrepreneurship (Optional)
2	Advanced Corporate Finance
	Research Methodology

	Econometrics
	Analysis of Equity Investment
	Information System Strategy (Optional)
	Financial Service Management (Optional)
	Macro Finance (Optional)
Year 04	
Semester	**Subject**
1	Advanced Portfolio Management & wealth Planning
	Organizational Behavior
	Analysis of Derivatives
	Alternative Investments (Optional)
	International Finance (Optional)
	Development Economics (Optional)
2	Econometrics for Financial Markets
	Integrated Case Studies
	Behavioral Finance
	Dissertation in Finance
	Internship in Finance

- The Total Credits for the Program are 120.
- Individual subject credits are not provided.

The following Table 12.21 highlights the course structure of the B. Com Special in Financial Management degree conducted by the University of Kelaniya.

Table 12.21: The Course Content of the B. Com Special in Financial Management degree of the University of Kelaniya

Year 01		
Semester	**Subject**	**Credits**
1	Principles of Management	4
	Mathematics for Business	4
	Financial Accounting	3
	Information Technology	2
	Introduction to Entrepreneurship	2
2	Microeconomics	4
	Business Statistics	4
	Management Accounting	3
	Business Law	2
	Management Capacity Building	2
Year 02		
Semester	**Subject**	**Credits**
1	Advanced Financial Accounting	4
	Macroeconomics	3
	Organizational Behavior	3
	Taxation	2
	Advanced English for Commerce & Management Studies	2
	Business & Society (Optional)	2
	Internet of Things (Optional)	
	Liquidity Skills (Optional)	

2	Financial Management	4
	Marketing Management	3
	Humana Resources Management	3
	Financial Analytics	2
	Operations Management	2
	Corporate Reporting for Decision Making	2
	Career Planning (Optional)	2
	Applied Digital Marketing (Optional)	
	Personal Finance (Optional)	
Year 03		
Semester	**Subject**	**Credits**
1	Advanced Financial Reporting & Governance	3
	Investment & Portfolio Management	3
	Audit & Assurance	3
	Enterprise Resource Planning	3
	Research Methodology for Accounting & Finance	2
	English for Commerce & Management Professionals	2
2	Business Valuation & Finance Modeling	4
	Strategic Financial Management	3
	Advanced Taxation & Strategic Tax Planning	3
	Advanced Management Accounting	2
	Quantitative Techniques for Data Analysis	2
	Tourism Management (Optional)	2
	Blockchain for Business (Optional)	
	Green Entrepreneurship (Optional)	
Year 04		
Semester	**Subject**	**Credits**
1	Dissertation in Accounting/ Finance	8
	International Finance Management	3
	Contemporary Topics in Accounting & Finance	3
	Strategic Management	4
2	Business Internship in Accounting/ Finance	6
	Corporate Law	2
	Behavioral Finance (Optional)	2
	Entrepreneurial Finance (Optional)	
	Banking & Financial Services (Optional)	2
	Financial Technology (Optional)	

12.7.8 University of Peradeniya

The following Table 12.22 highlights the course structure of the BBA in Accounting & Finance degree conducted by the University of Peradeniya.

Table 12.22: The Course Content of the BBA in Accounting & Finance degree of the University of Peradeniya.

Year 01		
Semester	**Subject**	**Credits**
1	Management Theory & Practice	3
	Microeconomics	3
	Business Mathematics	3
	Information Communication technology	3
	Financial Accounting 1	3
2	Macroeconomics	3
	Business Statistics	3
	Business Communication	2
	Business Law	3
	Financial Accounting 2	3
Year 02		
Semester	**Subject**	**Credits**
1	Human Resource management	3
	Operations Management	3
	Auditing & Taxation	4
	Management Accounting	3
	Marketing Management	3
2	Project Management	3
	Entrepreneurship	3
	Operations Research	3
	Corporate Finance	3
	Organizational Behavior	3
Year 03		
Semester	**Subject**	**Credits**
1	Advanced Financial Accounting	3
	Computer-Based Accounting	3
	Financial Statement Analysis	3
	Advanced Audit & Assurance Services	3
	Management Information Systems	3
	International Business	3
2	Advanced Management Accounting	3
	Advanced Corporate Finance	3
	Accounting Information System	3
	Banking	3
	Research methods in Business	3
	Organizational Leadership	3

Year 04		
Semester	**Subject**	**Credits**
1	Corporate Governance	3
	Advanced Taxation	3
	Public Sector Accounting	3
	Financial Reporting	3
	Strategic Management	3
Semester	**Subject**	**Credits**
2	Management Internship	6
	Independent Research Project	6

12.7.9 University of Ruhuna

The following Table 12.23 highlights the course structure of the BBA in Accounting (Hons) degree conducted by the University of Ruhuna.

Table 12.23: The Course Content of the BBA in Accounting (Hons) degree of the University of Ruhuna

Year 01		
Semester	**Subject**	**Credits**
1	Principles of Management	3
	Business Mathematics and Statistics	3
	Microeconomics	3
	Information and Communication Technology	3
	Business English	3
2	Entrepreneurship	3
	Financial Accounting	3
	Human Resource Management	3
	Introductory Finance	3
	Marketing Management	3
Year 02		
Semester	**Subject**	**Credits**
1	Cost and Management Accountings	3
	Macroeconomics	3
	Organizational Behavior	3
	Operations Research	3
	Advanced Business English	3
2	Business Law	3
	Operations Management	3
	Computer Applications in Accounting	3
	Introductory Econometrics	3
	Taxation	3
Year 03		
Semester	**Subject**	**Credits**
1	Management Information Systems	3
	Accounting Theory and Practice	3
	Advanced Taxation and Corporate Law	3
	Financial Information Analysis	3
	Project Management	3
2	Strategic Management	3
	Audit and Assurance	3
	Corporate Governance	3
	Financial Reporting	3
	Strategic Management Accounting	3
Year 04		
Semester	**Subject**	**Credits**
1	Logistics and Supply Chain Management	3
	Corporate Reporting	3

	Public Sector Accounting and Finance	3
	Research Methodology	3
	Strategic Finance	3
2	Dissertation	9
	Internship	6

12.7.10 University of Sri Jayewardenepura

The following Table 12.24 highlights the course structure of the BSc in Accountancy Special degree conducted by the University of Sri Jayewardenepura.

Table 12.24: The Course Content of the BSc in Accountancy Special degree of the University of Sri Jayewardenepura

Year 01		
Semester	**Subject**	**Credits**
1	Principles of Management	3
	Business Mathematics	3
	Introduction to Information Technology	3
	Socio-Political Environment	2
	Legal Environment	2
	Business Communication 1	3
2	Human Resource Management	3
	Business Statistics	3
	Microeconomics	3
	Financial Accounting	3
	Business Communication 2	3
Year 02		
Semester	**Subject**	**Credits**
1	Macroeconomics	3
	Financial Management	3
	Marketing Management	3
	Operations management	3
	Management Accounting	3
	Professional communication and Academic writing	2
2	Advanced Financial Accounting and Reporting	3
	Accounting Information Systems	3
	Corporate Law	3
	Computer-Based Accounting	3
	Organizational Behavior	3
Year 03		
Semester	**Subject**	**Credits**
1	Auditing and Assurance Service	3
	Corporate Reporting	3
	Corporate Finance	3
	Investment and Portfolio Management	3
	Skill Development of Intern Accountants 1 (Optional)	3
	Professional Development (Optional)	

2	Advanced Management Accounting	3
	Taxation	3
	Accounting Modeling	2
	Business Valuation Theory and Applications	3
	Skill Development and Intern Accountants 2	3
	Corporate Sustainability Accounting (Optional)	3
	Advanced Auditing and Assurance Service (Optional)	
	Enterprise Resource Planning systems (Optional)	
	Data analytics in Accounting (Optional)	
	Project Management (Optional)	
Year 04		
Semester	**Subject**	**Credits**
1	Research Methodology	3
	Advanced Accounting Theory	3
	Corporate Governance and Ethics	2
	Strategic Management	3
	Skill Development of Intern Accountants 3	3
2	Strategic Management Accounting	3
	Financial Statement Analysis	3
	Skill Development of Intern Accountants 4	3
	Option 1	
	Research Project in Accounting	3
	One from the below:	
	Public Sector Accounting and Finance	3
	Enterprise Risk Management	
	Artificial Neural Networks in Accounting and Finance	
	Contemporary Issues in Accounting	
	Forensic Accounting and Fraud Examination	
	Advanced Taxation and Tax Planning	
	Option 2	
	Dissertation in Accounting	6

The following Table 12.25 highlights the course structure of the BSc in Finance Special degree conducted by the University of Sri Jayewardenepura.

Table 12.25: The Course Content of the BSc in Finance Special degree of the University of Sri Jayewardenepura

Year 01		
Semester	**Subject**	**Credits**
1	Principles of Management	3
	Business Mathematics	3
	Introduction to Information Technology	3
	Socio-Political Environment	2
	Legal Environment	2
	Business Communication 1	3
2	Human Resource Management	3
	Business Statistics	3

	Microeconomics	3
	Financial Accounting	3
	Business Communication 2	3
Year 02		
Semester	**Subject**	**Credits**
1	Macroeconomics	3
	Financial Management	3
	Marketing Management	3
	Operations Management	3
	Management Accounting	3
	Certificate in Professional Communication (Optional)	3
2	Organizational Behavior	3
	Computer Applications for Managers	3
	Financial Mathematics	3
	Corporate law	3
	Introduction to Entrepreneurs and SMEs	3
Year 03		
Semester	**Subject**	**Credits**
1	Management Information Systems	3
	Managerial Economics	3
	Corporate Finance	3
	Investment and Portfolio Management	3
	Financial Modeling and Forecasting	3
	One from the below:	
	Real Estate Finance	3
	Operations Research	
	Corporate Reporting	
2	Business Valuation Theory and Applications	3
	Research Methodology in Finance	3
	Financial Derivatives	3
	Bank Management	3
	Financial Statement analysis	3
	Skill Development	None
	One from the below:	
	Financial Analysis	3
	Project Management	
	Asian Economics	
	Taxation	
	Advanced Management Accounting	
Year 04		
Semester	**Subject**	**Credits**
1	Strategic Management	3
	Financial Modeling and Forecasting	3
	International Financial Management	3
	One from the below:	
	Risk Management and Insurance	3
	International Economics	
	Development Economics	
2	Corporate Governance and Business Ethics	3
	Option 1	
	Independent Research study in Finance	6
	One from the below:	

	Contemporary Issues in Finance	3
	Entrepreneurial Finance	
	Money and Banking	
	Public Sector Accounting and Finance	
	Option 2	
	Independent Project in Finance	3
	Internship in Finance	6
	Option 3	
	Independent Project in Finance	3
	Two from the below:	
	Contemporary Issues in Finance	6
	Entrepreneurial Finance	
	Money and Banking	
	Public Sector Accounting and Finance	

12.7.11 Wayamba University

The following Table 12.26 highlights the course structure of the BSc in Accountancy and Business Finance Special degree conducted by the Wayamba University.

Table 12.26: The Course Content of the BSc in Accountancy and Business Finance Special degree of the Wayamba University

Year 01		
Semester	**Subject**	**Credits**
1	Principles of Management and Organizational Theory	4
	Microeconomics	3
	Business Mathematics 1	3
	Business Environment	3
	Financial Accounting	4
	English 1 – Grammatical Foundation	None
2	Organizational Behavior	4
	Macroeconomics	4
	Business Mathematics 2	3
	Informational Technology	3
	Cost & Management Accounting	4
	English 2 - Composition	None
Year 02		
Semester	**Subject**	**Credits**
1	Human resource Management	4
	Business Statistics	4
	Computer Software and Applications	3
	Taxation and Auditing	4
	Business Communication 1	1
2	Marketing Management	4
	Managerial Economics	4
	Commercial Law and Industrial Law	4
	Financial Management	4
	Business Communication 2	1
Year 03		

Semester	Subject	Credits
1	Advanced Financial Accounting	3
	Corporate Law	3
	Investment Management	3
	Management Science	3
	Accountancy Cluster	
	Accounting Information Systems (Optional)	3
	Business Finance Cluster	
	Financial Mathematics (Optional)	3
2	Research Methodology in Accounting and Finance	4
	Finance Reporting	3
	Corporate Finance	3
	Accountancy Cluster	
	Advanced Taxation and Tax Planning (Optional)	3
	Computerized Accounting & ERP System (Optional)	3
	Business Finance Cluster	
	Corporate Governance (Optional)	3
	Finance Modeling (Optional)	3
Year 04		
Semester	**Subject**	**Credits**
1	Corporate Reporting	3
	Financial Statement Analysis	3
	Accountancy Cluster	
	Advanced Auditing & Assurance (Optional)	3
	Forensic Accounting (Optional)	3
	Strategic Management Accounting (Optional)	3
	Business Finance Cluster	
	Financial Derivatives (Optional)	3
	Applied Econometrics (Optional)	3
	Strategic Finance (Optional)	3
2	Industrial Training & Dissertation	6

12.7.12 Practical Training Requirement of Universities

The following Table 12.27 details the practical training requirements of Sri Lankan Universities for the programs listed in para 12.7.1 to 12.7.11 above.

Table 12.27: Practical Training Requirements of Sri Lankan Universities

University	Degree Program	Duration	Practical Training Period
Eastern University of Sri Lanka	B.Com. (Honors) in Accounting & Finance	(04 years)	**06 Months (Compulsory)**
Rajarata University of Sri Lanka	B.Sc. Special Degree in Accountancy & Finance	(04 years)	**06 Months (Compulsory)**
Sabaragamuwa University of Sri Lanka	BSc. Honors in Financial Management	(04 years)	**03 Months (Compulsory)**
South Eastern University of Sri Lanka	BBA (Special) Accounting	(04 years)	**04 Months (Compulsory)**
University of Colombo	BBA in Accounting special	(04 years)	**06 Months (Compulsory)**
	BBA in Finance special	(04 years)	**06 Months (Compulsory)**
University of Jaffna	Bachelor of Business Administration (Accounting) Special degree	(04 years)	**06 Months (Compulsory)**
	Bachelor of Business Administration (Financial Management) Special degree	(04 years)	**06 Months (Compulsory)**
	Bachelor of Commerce (B Com) specialization Accounting and Finance	(04 years)	**06 Months (Compulsory)**
University of Kelaniya	B.Com.(Special) Degree In Financial Management	(04 years)	**06 Months (Compulsory)**
	Bachelor of Business Management Finance Honors	(04 years)	**06 Months (Compulsory)**
	Bachelor of Business Management (Special) Degree in Accountancy	(04 years)	**01 year (Compulsory)**
University of Peradeniya	BBA in Accounting & Finance	(04 years)	**06 Months (Compulsory)**

University of Ruhuna	Bachelor of Business Administration Honors Degree in Accounting	(04 years)	**06 Months (Compulsory)**
University of Sri Jayewardenepura	B.Sc. Accounting Special	(4 Years)	**2 Years (1.5 Years Compulsory)**
	B.Sc. Finance Special		**06 Months (Optional)**
Wayamba University of Sri Lanka	B.Sc. (Special) Degree in Accountancy and Business Finance	(04 years)	**06 Months (Compulsory)**

13. TECHNOLOGY AND PROFESSION

13.1 Introduction

Accounting is believed to have its origins in ancient Babylonia, in the kingdom of Mesopotamia. Since then, a great deal of evolution has taken place in the record-keeping aspect of accounting. Perhaps the greatest change in record-keeping of accounting had come with the introduction of computers. Computers added value to the accounting profession.

Information Technology (IT) and the internet have dramatically changed the way organizations operate their business. The application of IT in accounting has improved the efficiency and quality of the work, optimized business decision, and risk management. The impact of this change is high, and all organizations need to adapt to this change.

This chapter discusses the changes taking place in Accounting and Auditing due to the introduction of IT.

13.2 Computer-Aided Accounting and Information Systems

The application of Computer Aided Accounting can provide faster, timely, accurate, and complete financial information for enterprises. It enhances the decision-making process by improving the efficiency and standardization of accounting practice.

Computerized accounting was initially introduced to Sri Lanka in early 2000 by some of the listed entities. Since then both Accounting and Auditing professions have started using computer packages to assist their work.

The common areas covered by an accounting software package includes the following.

- Cash Book
- General Ledger, Journal
- Bank Reconciliation
- Debtors & Creditors Ledger
- Sales & Purchase Registers
- Fixed Asset Register
- Stock & Inventory Control
- Profit & Loss Accounts
- Balance Sheet
- Ratios, Comparisons

- Forecast, Budgets & Variances

Some larger organizations develop their own computer software packages for Accounting and Auditing. However, both smaller and medium-size organizations cannot afford the cost of such developments and hence prefer to buy off-the-shelf software packages. The list below highlights the most commonly used Accounting and Auditing software packages in Sri Lanka.

Table 13.1 Accounting and Auditing Software

Accounting Packages	Auditing Packages
Microsoft Excel	APT_ Audit Process Tool
MYOB	Aura
Oracle	Canvas
QuickBooks	e-audit
SAGE	
SAP	

The adoption of technologically-driven solutions in the accounting industry will intensify in the coming years. As the demand for computerized accounting grows, accounting software companies will seek more and more software functionalities that will eliminate human interference. As per Fortune Business Insights, the accounting software market will experience a higher level of growth in the years ahead.

13.3 Impact on the Accounting Profession

13.3.1 Computerization of Accounting Functions

Technology has severely impacted the traditional accounting method. With comprehensive use of modern information technology such as computers, the internet, and intranet, accounting information can be shared with other users in real-time.

In a manual accounting system, the accounting cycle starts with journalizing transactions, posting to ledger accounts, preparing trial balances, making adjustments, and preparing adjusted trial balances, preparing financial statements, and appropriate disclosures. In the manual accounting era, accountants have to perform the whole accounting cycle manually. Voucher classification and summary, control ledger, subsidiary ledger posting, and accounts checking are basic theories in manual accounting. In a computerized accounting information system, a staff member will record a transaction into the computers and the computer will process all the other steps automatically. This eliminates virtually all clerical errors that would

have been executed by someone in preparing a manual set of Financial Statements.

With this involvement, the need for traditional accountants who will perform just accounting will be greatly reduced, and accountants will focus on analyzing and utilizing the accounting information. However, the quality of computerized accounting information will depend on the reliability of hardware and software, as well as the personnel proficiency of the particular accounting software in use.

13.3.2 Internal Controls and Audit

Internal controls are the mechanisms, rules, and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud.

The introduction of the automated computerized systems has certainly affected the traditional internal controls and audit trails that are required for traditional auditing functions. Since the process relies heavily on computers, businesses face the risk of falling victim to new cyber frauds and compromised security.

In accounting information systems, as more accounting processes are now done by computers or through the internet, the focus on internal controls and audit trails has changed. Hence, there is a need to ensure that these controls and audit trails are inbuilt into the computerized system. Most of the commercial organizations and audit firms in Sri Lanka have adopted well into these new controls connected with automation.

13.3.3 Decision Making

Unlike other tasks of processing accounting data, the decision-making falls into the hands of human professionals and experts. Hence, complete automation in the accounting sector is not possible at least for the time being. Experts are predicting a hybrid approach that combines accounting technology and financial advisory input in the near future. This comes from the discovery of new solutions for analytics that allow accountants to focus more on decoding data for deeper insights.

The increase in the introduction of more advanced technologies in accounting allows accountants to focus on the quality of their decision-making rather than traditional methods of accounting. As stated in the earlier paragraph, accounting professionals in Sri Lanka have made use of the new technology well.

13.4 Recent Developments

13.4.1 Cloud-Based Accounting

Cloud computing means storing and accessing data and programs over the internet instead of your computer's hard drive. The Cloud is becoming a popular place for accounting services in Sri Lanka. With cloud-based accounting systems, companies and firms can access their system anytime. Data access also includes tracking inventory, sales, and expenses. Moreover, cloud-based solutions allow for the creation of workflows and saving businesses valuable time. These benefits are driving more and more businesses to make the shift to cloud-based data storing systems.

13.4.2 Outsourcing Accounting Functions

Automating more accounting processes is one of the key trends in the Accounting industry in Sri Lanka. Automation minimizes confusion, minimizes errors, and allows fast access of information either in real-time or with minimal time lapses. These benefits direct companies to invest in automated solutions. However, going for automation is costly and the same results can be achieved by hiring service providers. This led to a new business of outsourced accounting functions.

Outsourcing allows to cut down employment costs as the accounting, payroll, and taxation are handled by outsourced experts. Besides that, it will allow to obtain expert help which can be very costly if someone needs to have it in-house. Hence, outsourcing accounting functions are becoming a popular strategy among many companies in Sri Lanka. In short, outsourcing allows smaller and medium-size companies to use their limited resources more efficiently.

An increasing demand for outsourced accounting service providers, leads to a new fast-growing accounting industry.

13.4.3 Advertising and Utilizing Social Media

Businesses in Sri Lanka use social media to improve brand awareness and increase their sales. The effects of the use of social media are varying from industry to industry. The accounting industry also can benefit from the use of social media. For accountants, it could quickly become a tool for powerful branding that boosts their industry.

Due to certain restrictions in the advertising of the accounting and auditing profession in Sri Lanka, the use of social media for advertising by professional accountants and auditors has not taken off.

13.4.4 Remote Work Settings

Until recently, remote work settings or working from home was not very popular in Sri Lanka. Accounting and Auditing functions were also not considered for possible remote work settings. However, the new pandemic situation had forced businesses to allow their employees to work from home or other remote settings.

Now, more and more businesses including accounting and auditing firms are adapting to the trend of allowing employees to engage in remote work. This would not have been possible in the past with limited technological advancements. However, with the use of computerized accounting systems, accountants and auditors working from home are able to produce excellent results which are similar to those who work in office settings.

13.4.5 Artificial Intelligence, Big Data, and Data Analytics

The development of computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages is known as Artificial Intelligence (AI). Big data is a term that describes the large volume of data – both structured and unstructured – that inundates a business on a day-to-day basis. Data analytics is a process of inspecting, cleansing, transforming, and modeling data to discover useful information, informing conclusions, and supporting decision-making. AI is used to analyze data and project trends in businesses.

Although analytics as part of accounting services is not entirely new, it is now more powerful, presenting financial performance in a new light for better actionable insights. Larger accounting firms in Sri Lanka apply data analytics for consulting, risk management, and auditing assignments. Only a handful of accounting firms in Sri Lanka have ventured into this business due to the high cost of setting up databases and relevant computer systems.

13.4.6 Blockchain

Blockchain is a system of recording information in computerized systems. It is a digital ledger of transactions that is duplicated and distributed across the entire network of computer systems. There is a possibility that Blockchain technology may change the entire accounting system practiced by accountants in the world. Leading accounting firms in the world have started experimenting with this new technology but have not widely adopted it. This technology is new to Sri Lanka and it may take some more time for it to get to Sri Lanka.

14. EVOLVING CONCEPTS IN FINANCIAL REPORTING

14.1 Introduction

Financial Reporting also has changed drastically, in the recent past. The purpose of Financial Reporting is to communicate the financial performance of an entity to a specific audience. The information reported is historical and not forward-looking. There is a demand from different stakeholders to know more and more non-financial aspects of the performance of the reporting entity. As a result, different reporting methods evolved. Sustainable Reporting and Integrated Reporting are some of the new concepts that came into the accounting profession. This chapter discusses the purpose and what is included in such reports and status of such reporting in Sri Lanka.

14.2 Sustainability Reporting

Sustainability Reporting goes beyond the concept of Financial Reporting. When it comes to Sustainability Reporting, an organization is supposed to report by following three key elements. They are the Economic, Environmental, and Social Impacts of the everyday activities of the organization. Sustainability Reporting may or may not carry a Financial Report. The National Center for Sustainability Reporting[1] identified the following advantages of Sustainable Reporting:

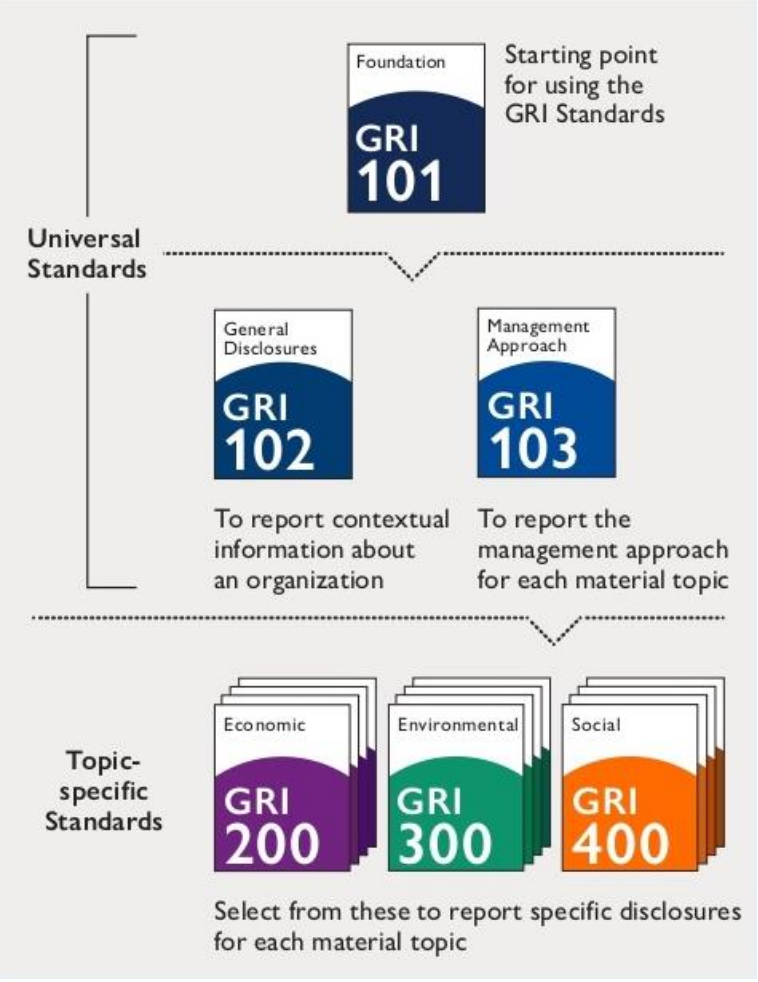
- Improve sustainability performance;
- Improve risk management and investor communications;
- Engage stakeholders and improve stakeholders' relations
- Motivate and engage employees;
- Build credibility as a committed and effective corporate citizen;
- Strengthen internal data management and reporting systems;
- Improve sustainability strategy and selection of performance indicators and targets, and;
- Benchmark sustainability performance against self and others.

However, despite these advantages, Sustainability Reporting has not been a popular reporting method in Sri Lanka. Also, there was no collective effort by professional organizations to promote them.

[1] https://www.ncsr-id.org

Global Reporting Initiative (GRI)[2] has issued a set of standards to support and promote Sustainable Reporting in the world. GRI is an independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. GRI has its headquarters in Amsterdam, the Netherlands. The following chart highlights the structure of Sustainability Reporting Standards and Appendix 5 lists out the Sustainability Standards issued by GRI. The usage of these Standards is voluntary in Sri Lanka.

Figure 14.1 Structure of the GRI Sustainability Reporting Standards



Source: Global Reporting Initiative

[2] https://www.globalreporting.org

14.3 Integrated Reporting

Integrated Reporting (IR) has been developed to be consistent with many corporate reporting trends taking place across the globe. A range of market drivers is currently not being satisfied by complex and historical financial reporting methods. IR consists of a combination of both financial and non-financial reporting. IR will communicate about how an organization's strategy, governance, performance, and prospects lead to the creation of value over the short, medium, and long term. IR will also include opportunities afforded by new technology, and the need for transparency, inclusiveness, and more information that is material to modern business.

The International Integrated Reporting Council (IIRC)[3] is a global coalition of regulators, investors, companies, standard-setters, the accounting profession, academia, and NGOs formed in 2010. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting. IIRC promotes reporting on six different Capitals of an organization namely Financial, Manufacture, Human, Social & Relationship, Intellectual and Natural. IIRC issued its Reporting Framework in 2013. IIRC Framework is based on the following eight Content Elements:

i. Organizational overview and external environment;
ii. Governance;
iii. Business model;
iv. Risks and opportunities;
v. Strategy and resource allocation;
vi. Performance;
vii. Outlook, and;
viii. Basis of preparation and presentation.

In 2013, the Institute of Chartered Accountants of Sri Lanka (ICASL) established an Integrated Reporting Committee with the support and guidance of the IIRC. Later, in 2016, ICASL established the 'Integrated Reporting Council of Sri Lanka'(IRCSL) with the representation of, all professional accountancy organizations (PAO), local universities, other academic institutions, and corporate companies already using IR in Sri Lanka.

Since 2013, Sri Lanka has seen an increased interest in IR in response to market demand and a few public listed companies in Sri Lanka voluntarily adopted the IIRC Framework in the same year. To promote IR, ICASL launched an award titled "Award for Integrated Reporting" in the same year.

[3] https://integratedreporting.org/

Since then, the number of companies adopting IR has increased over the past seven years. Furthermore, to assist IR, ICASL published three books titled "A Preparer's Guide to Integrated Corporate Reporting", "A Supplement to A Preparer's Guide to Integrated Corporate Reporting" and "Handbook on Integrated Corporate Reporting". It is expected that these publications will serve current preparers in improving content, compliance, and consistency and will guide beginners in their journey to adopt the IR Framework.

In Sri Lanka, at present, following the IR framework is voluntary. Though a few leading organizations have started reporting their performances following the IR framework, other Sri Lankan institutions are yet to see the value of IR.

14.4 Comparison of Different Types of Reporting

The following Figure 14.2 compares Financial Reporting, Sustainability Reporting and Integrated Reporting.

Figure 14.2: Comparison of Financial Reporting, Sustainability Reporting and Integrated Reporting

15. ACCOUNTING AND AUDITING RESEARCH IN SRI LANKA

In the past, there were very limited research activities in Sri Lanka in the field of Accounting and Auditing.

Spending and commitments towards research and development in the world have increased over time. Universities and other academic institutions are more and more focused to establish a vibrant research culture within their institutions to meet stakeholders' demand through research and development.

When considering research on accounting and auditing in Sri Lanka, a few universities and professional accounting institutes are working on it through research conferences and publishing research journals. The Institute of Chartered Accountants of Sri Lanka (ICASL) and the University of Kelaniya leads the Research in accounting and auditing in Sri Lanka.

ICASL conducts an Annual Research Congress and publishes the 'Journal of Applied Research' annually. The Table 15.1 below lists out the papers presented at the last three research conferences at ICASL.

Table 15.1: Papers presented at the Third Research symposium of ICASL

Year	Paper
2119	Investors' Perception and Audit Expectation-Performance Gap (AEG) in the Context of Listed Firms in Sri Lanka
	Level and Determinants of Corporate Tax Non-Compliance: Evidence from Tax Experts in Sri Lanka
	The Impact of Audit Quality on the Degree of Earnings Management: An Empirical Study of Selected Sri Lankan Listed Companies
	An Assessment of Integrated Performance Reporting: Three Case Studies in Sri Lanka
	Is Sustainability Reporting a Business Strategy for Firm's Growth? Empirical Evidence from Sri Lankan Listed Manufacturing Firms
	The Impact of Corporate Governance Characteristics on the Forward-Looking Disclosures in Integrated Reporting of Bank, Finance and Insurance Sector Companies in Sri Lanka
	Trends in Climate Risk Disclosures in the Insurance Companies of Sri Lanka

	The Level of Usage and Importance of Fraud Detection and Prevention Techniques Used in Sri Lankan Banking and Finance Institutions: Perceptions of Internal and External Auditors
2018	The Impact of Firm Characteristics on Corporate Internet Reporting: Evidence from Sri Lankan Listed Companies
	The Effect of Corporate Governance on the extent of CSR Disclosures: Empirical Evidence from Listed Banks, Insurance and Finance Companies of Sri Lanka
	The Impact of Board Characteristics on Value Added Efficiency in the Sri Lankan Banking and Finance Sector
	Employability Skills of Accounting Graduates: Perceptions of Employers, Accounting Undergraduates and Educators in Sri Lanka
	Factors that Influence the Perceptions of a Professional Accounting Career among Management Undergraduates in Sri Lanka
	Using Beneish M Score Model to detect Red Flags of Corporate Financial Statement Fraud in Sri Lanka
2017	Issues of corporate governance practices in Sri Lanka: perspective of professionals
	Selected board characteristics and firm performance of listed hospitality firms in Sri Lanka
	The relationship between selected corporate governance mechanisms and degree of earnings management in selected Sri Lankan listed companies
	Sustainability management and accounting practices in a tea plantation company in Sri Lanka
	Forensic accounting education in Sri Lanka: practice and perception
	An empirical study of the relevant skills, knowledge and education in forensic accounting, and the current status of related services in the Sri Lankan context

Likewise, the University of Kelaniya also has annual Research Conference and publish. The Table 15.2 below lists out the papers presented at the last three research conferences.

Year	**Paper**
2020	The digital accountant: digital skills in a transformed world
	The role of SLAASMB in new normal
	Financial reporting, digitalisation and readiness of Sri Lanka
	Fraud prevention and detection in the digital age
	Embracing technology as an enabler to drive transformation in accountancy and finance profession

	Role of tax agent/ tax consultant in new normal under digitalized environment
	The digital transition of Covid 19 on tertiary education: New Zealand perspective
2019	Forensic Accounting and information technology
	Fair value accounting frauds and use of forensic auditing in detecting fair value accounting frauds
	Fraud prevention and detection on mechanisms in the private sector organization in Sri Lanka
	Forensic accounting for tax governance
	Pulling fraud out of the shadows: PwC global economic crime and fraud survey 2018
	Benish M Score model to detect red flags of financial statement frauds
	Forensic investigation reporting of fraud by employees
	Applying ISO 31000 in designing a fraud risk management framework
2018	Transformation of the finance function
	Automation of the accounting and auditing functions and implications for accounting professionals
	Devaluation of currency: myths and realities and impact on financial reporting in Sri Lanka
	Unlocking the opportunities in big data: accountancy and finance professionals
	Creating common purpose
	Implementation issues of SLFRS 15 revenue from contracts with customers and SLFRS 19 financial instruments
	Will the tax base be increased by the inland revenue act no 24 of 2017?

APPENDIX 1

A1 Useful Websites

Association of Accounting Technicians of Sri Lanka	https://aatsl.lk
Association of public finance accountants of Sri Lanka	https://www.casrilanka.com
Auditor General's Office	http://www.auditorgeneral.gov.lk/web/index.php/en/
Central Bank of Sri Lanka	https://www.cbsl.gov.lk/
Chartered Institute of Management Accountants of Sri Lanka	https://www.cimaglobal.com/Our-locations/SriLanka/
Colombo Stock Exchange	https://www.cse.lk/
Confederation of Asian and Pacific Accountants	http://www.capa.com.my/
Institute of Internal Auditors Sri Lanka	http://www.iiasl.lk
International Accounting Standards Board	https://www.ifrs.org/groups/international-accounting-standards-board/
International Auditing and Assurance Standards Board	https://www.iaasb.org/
International Federation of Accountants	https://www.ifac.org/
Securities & Exchange Commission of Sri Lanka	https://www.sec.gov.lk/
South Asian Federation of Accountants	https://esafa.org/about/
Sri Lanka Accounting and Auditing Standards Monitoring Board	http://slaasmb.gov.lk/
Sri Lanka Accounting Standards Committee	http://www.slaasc.lk/accounting/
Sri Lanka Auditing Standards Committee	http://www.slaasc.lk/auditing/
Sri Lanka Government Gazettes	http://www.documents.gov.lk/en/exgazette.php
The Association of Chartered Certificated Accountants Sri Lanka Division	https://www.acca.lk

The Institute of Certified Management Accountants of Sri Lanka	https://www.cma-srilanka.org
The Institute of Chartered Accountants of Sri Lanka	https://www.casrilanka.com
The Institute of Chartered Accountants of Sri Lanka	https://www.casrilanka.com/casl/
University Grants Commission	https://www.ugc.ac.lk/

APPENDIX 2

A2.1 Sri Lanka Accounting Standards (May 2021)

The following Accounting Standards (SLFRS – Sri Lanka Financial Reporting Standard and LKAS – Sri Lanka Accounting Standard) are in force in Sri Lanka at the end of May 2021.

SLFRS in Use

- SLFRS 1 - First-time Adoption of Sri Lanka Accounting Standards (SLFRS)
- SLFRS 2 - Share-based Payment
- SLFRS 3 - Business Combinations
- SLFRS 4 - Insurance Contracts
- SLFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
- SLFRS 6 - Exploration for and Evaluation of Mineral Resources
- SLFRS 7 - Financial Instruments: Disclosure
- SLFRS 8 - Operating Segments
- SLFRS 9 - Financial Instruments
- SLFRS 10 - Consolidated Financial Statements
- SLFRS 11 - Joint Arrangements
- SLFRS 12 - Disclosure of Interests in Other Entities
- SLFRS 13 - Fair Value Measurement
- SLFRS 14 - Regulatory Deferral Accounts
- SLFRS 15 - Revenue from Contract with Customers
- SLFRS 16 – Leases
- SLFRS 17 - Insurance Contracts (will be effective from 01 January 2023)

LKAS in Use

- LKAS 1 - Presentation of Financial Statements
- LKAS 2 – Inventories
- No LKAS 3 - 6
- LKAS 7 - Statement of Cash Flows
- LKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- No LKAS - 9
- LKAS 10 - Events after the Reporting Period
- No LKAS - 11
- LKAS 12 - Income Taxes
- No LKAS 13 - 15
- LKAS 16 - Property, Plant & Equipment
- No LKAS 17 - 18
- LKAS 19 - Employee Benefits
- LKAS 20 - Accounting for Government Grants and Disclosure of Government Assistance
- LKAS 21 - The Effects of Changes in Foreign Exchange Rates
- No LKAS - 22
- LKAS 23 - Borrowing Costs
- LKAS 24 - Related Party Disclosures
- No LKAS - 25
- LKAS 26 - Accounting and Reporting by Retirement Benefit Plans
- LKAS 27 - Separate Financial Statements
- LKAS 28 - Investments in Associates and Joint Ventures
- LKAS 29 - Financial Reporting in Hyperinflationary Economies
- No LKAS 30 - 31
- LKAS 32 - Financial Instruments: Presentation
- LKAS 33 - Earnings per Share
- LKAS 34 - Interim Financial Reporting

- No LKAS - 35
- LKAS 36 - Impairment of Assets
- LKAS 37 - Provisions, Contingent Liabilities, and Contingent Assets
- LKAS 38 - Intangible Assets
- LKAS 39 - Financial Instruments: Recognition and Measurement
- LKAS 40 - Investment Property
- LKAS 41 – Agriculture

A2.2 International Interpretations Adopted in Sri Lanka (May 2021)[1]

The following recommendations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretation Committee (SIC) are also applicable in Sri Lanka at the end of May 2021.

IFRICs

- IFRIC 01-Changes in Existing Decommissioning, Restoration, and Similar Liabilities
- IFRIC 02-Members' Shares in Co-operative Entities and Similar Instruments
- No IFRIC 03 - 04
- IFRIC 05-Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 06-Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- IFRIC 07-Applying the Restatement Approach under IAS 29-Financial Reporting in Hyperinflationary Economies
- No IFRIC 08 - 09
- IFRIC 10-Interim Financial Reporting and Impairment
- No IFRIC 11
- IFRIC 12 -Service Concession Arrangements
- No IFRIC 13
- IFRIC 14-IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction
- No IFRIC 15
- IFRIC 16-Hedges of a Net Investment in a Foreign Operation
- IFRIC 17-Distributions of Non-cash Assets to Owners
- No IFRIC 18

[1] https://www.ifrs.org/issued-standards/list-of-standards/

- IFRIC 19-Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 20 -Stripping Cost in the Production Phase of a Surface Mine
- IFRIC 21-Levies
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration
- IFRIC 23 - Uncertainty over Income Tax Treatments

SICs

- SIC 1-6 Not in use
- SIC 7 -Introduction of the Euro
- SIC 8-9 Not in use
- SIC 10 -Government Assistance-No Specific Relation to Operating Activities
- SIC 11-24 Not in use
- SIC 25 -Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
- SIC 26-28 Not in use
- SIC 29 -Service Concession Arrangements: Disclosures
- SIC 30-31 Not in use
- SIC 32 -Intangible Assets-Web Site Costs

A2.3 Comparison of Sri Lanka Accounting Standards with International Standards (May 2021)

SLFRS	IFRS[2]	STANDARD NAME	Effectivity as of July 2021
-	-	The Conceptual Framework for Financial Reporting	Effective
SLFRS 1	IFRS 1	First-time Adoption of Sri Lanka Accounting Standards (SLFRSs)	Effective
SLFRS 2	IFRS 2	Share-based Payment	Effective
SLFRS 3	IFRS 3	Business Combinations	Effective
SLFRS 4	IFRS 4	Insurance Contracts	Effective
SLFRS 5	IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Effective
SLFRS 6	IFRS 6	Exploration for and Evaluation of Mineral Resources	Effective
SLFRS 7	IFRS 7	Financial Instruments: Disclosure	Effective
SLFRS 8	IFRS 8	Operating Segments	Effective
SLFRS 9	IFRS 9	Financial Instruments	Effective
SLFRS 10	IFRS 10	Consolidated Financial Statements	Effective
SLFRS 11	IFRS 11	Joint Arrangements	Effective
SLFRS 12	IFRS 12	Disclosure of Interests in Other Entities	Effective
SLFRS 13	IFRS 13	Fair Value Measurement	Effective
SLFRS 14	IFRS 14	Regulatory Deferral Accounts	Effective
SLFRS 15	IFRS 15	Revenue from Contract with Customers	Effective
SLFRS 16	IFRS 16	Leases	Effective

[2] https://www.ifrs.org/issued-standards/list-of-standards/

LKAS	IAS[3]	STANDARD NAME	Effectivity as of July 2021
LKAS 1	IAS 1	Presentation of Financial Statements	Effective
LKAS 2	IAS 2	Inventories	Effective
No LKAS 3-6	No IAS 3-6		Suspended
LKAS 7	IAS 7	Statement of Cash Flows	Effective
LKAS 8	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Effective
No LKAS 9	No IAS 9		Suspended
LKAS 10	IAS 10	Events after the Reporting Period	Effective
No LKAS 11	No IAS 11		Suspended
LKAS 12	IAS 12	Income Taxes	Effective
No LKAS 13-15	No IAS 13-15		Suspended
LKAS 16	IAS 16	Property, Plant & Equipment	Effective
No LKAs 17-18	No IAS 17-18		Suspended
LKAS 19	IAS 19	Employee Benefits	Effective
LKAS 20	IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Effective
LKAS 21	IAS 21	The Effects of Changes in Foreign Exchange Rates	Effective
No LKAS 22	No IAS 22		Suspended

[3] https://www.ifrs.org/issued-standards/list-of-standards/

LKAS	IAS[3]	STANDARD NAME	Effectivity as of July 2021
LKAS 23	IAS 23	Borrowing Costs	Effective
LKAS 24	IAS 24	Related Party Disclosures	Effective
No LKAS 25	No IAS 25		Suspended
LKAS 26	IAS 26	Accounting and Reporting by Retirement Benefit Plans	Effective
LKAS 27	IAS 27	Separate Financial Statements	Effective
LKAS 28	IAS 28	Investments in Associates and Joint Ventures	Effective
LKAS 29	IAS 29	Financial Reporting in Hyperinflationary Economies	Effective
No LKAS 30-31	No IAS 30 -31		Suspended
LKAS 32	IAS 32	Financial Instruments: Presentation	Effective
LKAS 33	IAS 33	Earnings per Share	Effective
LKAS 34	IAS 34	Interim Financial Reporting	Effective
No LKAS 35	No IAS 35		Suspended
LKAS 36	IAS 36	Impairment of Assets	Effective
LKAS 37	IAS 37	Provisions, Contingent Liabilities, and Contingent Assets	Effective
LKAS 38	IAS 38	Intangible Assets	Effective
LKAS 39	IAS 39	Financial Instruments: Recognition and Measurement	Effective
LKAS 40	IAS 40	Investment Property	Effective
LKAS 41	IAS 41	Agriculture	Effective

APPENDIX 3

A3.1 Sri Lanka Public Sector Accounting Standards (May 2021)

Issued in 2009 – effective for annual financial periods beginning on or after 01 January 2011:

- SLPSAS 1 - Presentation of Financial Statements
- SLPSAS 2 - Cash Flow Statements
- SLPSAS 3 - Accounting Policies, Changes in Accounting Estimates and Errors
- SLPSAS 4 - Borrowing Costs

Issued in 2012 – effective for annual financial periods beginning on or after 01 January 2014:

- SLPSAS 5 - The Effects of Changes in Foreign Exchange Rates
- SLPSAS 6 - Events After the Reporting Date
- SLPSAS 7 - Property, Plant & Equipment
- SLPSAS 8 - Provisions, Contingent Liabilities, and Contingent Assets
- SLPSAS 9 - Inventories
- SLPSAS 10 - Revenue from Exchange Transactions

Issued in 2017– effective for annual financial periods beginning on or after 01 January 2018:

- SLPSAS 11- Revenue from Non-Exchange Transactions (Taxes and Transfers)
- SLPSAS 12- Leases
- SLPSAS 13- Investment Property
- SLPSAS 14- Related Party Transactions

- SLPSAS 15- Statement of Budget Information in Financial Statements
- SLPSAS 16- Construction Contract
- SLPSAS 17- Segment Reporting
- SLPSAS 18- Agriculture
- SLPSAS 19- Employee Benefit
- SLPSAS 20- Intangible Assets

A3.2 International Public Sector Standards (May 2021)[1]

#	IPSAS	Standards Name
1		Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities
2	IPSAS 1	Presentation of Financial Statements
3	IPSAS 2	Cash Flow Statements
4	IPSAS 3	Accounting Policies, Changes in Accounting Estimates and Errors
5	IPSAS 4	The Effects of Changes in Foreign Exchange Rates
6	IPSAS 5	Borrowing Costs
7	IPSAS 6	Superseded by IPSAS 34
8	IPSAS 7	Superseded by IPSAS 36
9	IPSAS 8	Superseded by IPSAS 37
10	IPSAS 9	Revenue from Exchange Transactions
11	IPSAS 10	Financial Reporting in Hyperinflationary Economies
12	IPSAS 11	Construction Contracts
13	IPSAS 12	Inventories
14	IPSAS 13	Leases
15	IPSAS 14	Events After the Reporting Date
16	IPSAS 15	Superseded by IPSAS 28, 29, and 30
17	IPSAS 16	Investment Property
18	IPSAS 17	Property, Plant, And Equipment
19	IPSAS 18	Segment Reporting
20	IPSAS 19	Provisions, Contingent Liabilities and Contingent Assets (
21	IPSAS 20	Related Party Disclosures
22	IPSAS 21	Impairment of Non-Cash-Generating Assets
23	IPSAS 22	Disclosure of Financial Information about the General Government Sector
24	IPSAS 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
25	IPSAS 24	Presentation of Budget Information in Financial Statements
26	IPSAS 25	International Public Sector Accounting Standard
27	IPSAS 26	Impairment of Cash-Generating Assets
28	IPSAS 27	Agriculture
29	IPSAS 28	Financial Instruments: Presentation
30	IPSAS 29	Financial Instruments: Recognition and Measurement
31	IPSAS 30	Financial Instruments: Disclosures
32	IPSAS 31	Intangible Assets
33	IPSAS 32	Service Concession Arrangements: Grantor

[1]https://www.ipsasb.org/publications/2021-handbook-international-public-sector-accounting-pronouncements

#	IPSAS	Standards Name
34	IPSAS 33	First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)
35	IPSAS 34	Separate Financial Statements
36	IPSAS 35	Consolidated Financial Statements
37	IPSAS 36	Investments in Associates and Joint Ventures
38	IPSAS 37	Joint Arrangements
39	IPSAS 38	Disclosure of Interests in Other Entities
40	IPSAS 39	Employee Benefits
41	IPSAS 40	Public Sector Combinations
42	IPSAS 41	Financial Instruments
43	IPSAS 42	Social Benefits

A3.3 Comparison of International Public Sector Standards with Sri Lanka Public Sector Accounting Standards (May 2021)

IPSAS	SLPSAS	Standards Name
		Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities
IPSAS 1	SLPSAS 1	Presentation of Financial Statements
IPSAS 2	SLPSAS 2	Cash Flow Statements
IPSAS 3	SLPSAS 3	Accounting Policies, Changes in Accounting Estimates and Errors
IPSAS 4	SLPSAS 5	The Effects of Changes in Foreign Exchange Rates
IPSAS 5	SLPSAS 4	Borrowing Costs
IPSAS 6		Superseded by IPSAS 34
IPSAS 7		Superseded by IPSAS 36
IPSAS 8		Superseded by IPSAS 37
IPSAS 9	SLPSAS 10	Revenue from Exchange Transactions
IPSAS 10	No SLPSAS	Financial Reporting in Hyperinflationary Economies
IPSAS 11	SLPSAS 16	Construction Contracts
IPSAS 12	SLPSAS 9	Inventories
IPSAS 13	SLPSAS 12	Leases
IPSAS 14	SLPSAS 6	Events After the Reporting Date
IPSAS 15		Superseded by IPSAS 28, 29, and 30
IPSAS 16	SLPSAS 13	Investment Property
IPSAS 17	SLPSAS 7	Property, Plant, And Equipment
IPSAS 18	SLPSAS 17	Segment Reporting
IPSAS 19	SLPSAS 8	Provisions, Contingent Liabilities and Contingent Assets (
IPSAS 20	SLPSAS 14	Related Party Disclosures
IPSAS 21	No SLPSAS	Impairment of Non-Cash-Generating Assets
IPSAS 22	No SLPSAS	Disclosure of Financial Information About the General Government Sector
IPSAS 23	SLPSAS 11	Revenue from Non-Exchange Transactions (Taxes and Transfers)
IPSAS 24	SLPSAS 15	Presentation of Budget Information in Financial Statements
IPSAS 25	No SLPSAS	International Public Sector Accounting Standard
IPSAS 26	No SLPSAS	Impairment of Cash-Generating Assets
IPSAS 27	SLPSAS 18	Agriculture

IPSAS	SLPSAS	Standards Name
IPSAS 28	No SLPSAS	Financial Instruments: Presentation
IPSAS 29	No SLPSAS	Financial Instruments: Recognition and Measurement
IPSAS 30	No SLPSAS	Financial Instruments: Disclosures
IPSAS 31	SLPSAS 20	Intangible Assets
IPSAS 32	No SLPSAS	Service Concession Arrangements: Grant or
IPSAS 33	No SLPSAS	First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)
IPSAS 34	No SLPSAS	Separate Financial Statements
IPSAS 35	No SLPSAS	Consolidated Financial Statements
IPSAS 36	No SLPSAS	Investments in Associates and Joint Ventures
IPSAS 37	No SLPSAS	Joint Arrangements
IPSAS 38	No SLPSAS	Disclosure of Interests in Other Entities
IPSAS 39	SLPSAS 19	Employee Benefits
IPSAS 40	No SLPSAS	Public Sector Combinations
IPSAS 41	No SLPSAS	Financial Instruments
IPSAS 42	No SLPSAS	Social Benefits

APPENDIX 4

A4.1 Sri Lanka Auditing Standards (May 2021)

AUDITS OF HISTORICAL FINANCIAL INFORMATION

200–299 General Principles and Responsibilities

- SLAuS 200 - Overall Objectives of the Independent Auditor and the Conduct of an Audit according to Sri Lanka Auditing Standards
- SLAuS 210 - Agreeing with the Terms of Audit Engagements
- SLAuS 220 - Quality Control for an Audit of Financial Statements
- SLAuS 230 - Audit Documentation
- SLAuS 240 - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements
- SLAuS 250 - Consideration of Laws and Regulations in an Audit of Financial Statements
- SLAuS 260 (Revised) - Communication with Those Charged with Governance
- SLAuS 265 - Communicating Deficiencies in Internal Control to Those Charged with Governance and Management

300–499 Risk Assessment and Response to Assessed Risks

- SLAuS 300 - Planning an Audit of Financial Statements
- SLAuS 315 (Revised) - Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
- SLAuS 320 - Materiality in Planning and Performing an Audit
- SLAuS 330 - The Auditor's Responses to Assessed Risks
- SLAuS 402 - Audit Considerations Relating to an Entity Using a Service Organization
- SLAuS 450 - Evaluation of Misstatements Identified during the Audit

500–599 Audit Evidence

- SLAuS 500 - Audit Evidence
- SLAuS 501 - Audit Evidence—Specific Considerations for Selected Items

- SLAuS 505 - External Confirmations
- SLAuS 510 - Initial Audit Engagements—Opening Balances
- SLAuS 520 - Analytical Procedures
- SLAuS 530 - Audit Sampling
- SLAuS 540 (Revised) - Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures
- SLAuS 550 - Related Parties
- SLAuS 560 - Subsequent Events
- SLAuS 570 (Revised) - Going Concern
- SLAuS 580 - Written Representations

600–699 Using the Work of Others

- SLAuS 600 - Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)
- SLAuS 610 (Revised 2013) - Using the Work of Internal Auditors
- SLAuS 620 - Using the Work of an Auditor's Expert

700–799 Audit Conclusions and Reporting

- SLAuS 700 (Revised) - Forming an Opinion and Reporting on Financial Statements
- SLAuS 701 - Communicating Key Audit Matters in the Independent Auditor's Report
- SLAuS 705 (Revised) -Modifications to the Opinion in the Independent Auditor's Report
- SLAuS 706 (Revised) - Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report
- SLAuS 710 - Comparative Information—Corresponding Figures and Comparative Financial Statements
- SLAuS 720 (Revised) - The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements

800–899 Specialized Areas

- SLAuS 800 (Revised) - Special Considerations—Audits of Financial Statements Prepared in accordance with Special Purpose Frameworks

- SLAuS 805 (Revised) - Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
- SLAuS 810 (Revised) - Engagements to Report on Summary of Financial Statements

Other Auditing Standards in Use

- SLAuS for Audits of Non-SBEs

New and Revised Standards not yet Effective

- SLAuS 315 (Revised 2019) - Identifying and Assessing the Risks of Material Mis-statement through Understanding the Entity and its Environment (Effective from 15 Dec. 2021)

A4.2 Sri Lanka Auditing Practice Notes

- SLAPN 1000 - Special Considerations in Auditing Financial Instruments

A4.3 Sri Lanka Standards on Other Assurance Engagements and Related Services (May 2021)

AUDITS AND REVIEWS OF HISTORICAL FINANCIAL INFORMATION
2000–2699 Sri Lanka Standards on Review Engagements (SLSRE)

- SLSRE 2400(Revised) - Engagements to Review Historical Financial Statements
- SLSRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity

Assurance Engagements Other than Audits or Reviews of Historical Financial Information

3000–3699 Sri Lanka Standards on Assurance Engagements (SLSAE)

- 3000 - (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information

- 3050 - (Revised) Assurance Report for Banks on Directors' Statement on Internal Control

3400–3699 Subject-Specific Standards

- 3400 - The Examination of Prospective Financial Information (Previously SLAuS 810)
- 3402 -Assurance Reports on Controls at a Service Organization
- 3410 -Assurance Engagements on Greenhouse Gas Statements
- 3420 -Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus

RELATED SERVICES
4000–4699 Sri Lanka Standards on Related Services (SLSRS)

- 4400 Engagements to Perform Agreed-Upon Procedures Regarding Financial Information
- 4410 (Revised), Compilation Engagements

4700 – 4999 Sri Lanka Related Services Practice Statements (SLRSPS)

- 4750 - Engagements to Report on the Compliance with the Corporate Governance Directive Issued by the Central Bank of Sri Lanka
- 4751 - Engagements to Report on the Compliance with the Circular No 29 issued by the Insurance Board of Sri Lanka
- 4752 - Engagements to Report on the Compliance with the Corporate Governance Directive Issued by the Central Bank of Sri Lanka for Finance Companies
- 4753 - Engagements to Report on the Compliance with the Corporate Governance Directive Issued by the Central Bank of Sri Lanka for Finance Leasing Companies

A4.4 Sri Lanka Standards on Quality Control (May 2021)

- SLSQC 1- Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements

A4.5 Sri Lanka Framework For Audit Quality And Assurance Engagements (May 2021)

- **AUDIT QUALITY**

A Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality

- **ASSURANCE FRAMEWORK**

Amended Sri Lanka Framework for Assurance Engagements

A4.6 Internal Auditing Standards (May 2021)[2]

There are no specific Internal Auditing Standards for Sri Lanka. Members of the Institute of Internal Auditors Sri Lankan Chapter are supposed to use the following Internal Auditing Standards issued by IIA(USA). These standards were last updated in 2017.

1000 – Purpose, Authority, and Responsibility
- 1100 – Independence and Objectivity
- 1200 – Proficiency and Due Professional Care
- 1300 – Quality Assurance and Improvement Program

2000 – Managing the Internal Audit Activity
- 2100 – Nature of Work
- 2200 – Engagement Planning
- 2300 – Performing the Engagement
- 2400 – Communicating Results
- 2500 – Monitoring Progress
- 2600 – Communicating the Acceptance of Risks

[2]https://na.theiia.org/standards-guidance/mandatory-guidance/pages/standards.aspx

APPENDIX 5

A5 Sustainability Reporting Standards

The global standards for sustainability reporting, known as the GRI Standards issued by Global Reporting Initiative, and the list below shows the Standards valid in May 2021.

GRI 100: Universal Standards

GRI 101: Foundation

GRI 102: General Disclosures

GRI 103: Management Approach

GRI 200: Economic

GRI 201: Economic Performance

GRI 202: Market Presence

GRI 203: Indirect Economic Impacts

GRI 204: Procurement Practices

GRI 205: Anti-corruption

GRI 206: Anti-competitive Behavior

GRI 207: Tax

GRI 300: Environmental

GRI 301: Materials

GRI 302: Energy

GRI 303: Water and Effluents

GRI 304: Biodiversity

GRI 305: Emissions

GRI 306: Waste

GRI 307: Environmental Compliance

GRI 308: Supplier Environmental Assessment

GRI 400: Social

GRI 401: Employment

GRI 402: Labor/Management Relations

GRI 403: Occupational Health and Safety

GRI 404: Training and Education

GRI 405: Diversity and Equal Opportunity

GRI 406: Non-discrimination

GRI 407: Freedom of Association and Collective Bargaining

GRI 408: Child Labor

GRI 409: Forced or Compulsory Labor

GRI 410: Security Practices

GRI 411: Rights of Indigenous Peoples

GRI 412: Human Rights Assessment

GRI 413: Local Communities

GRI 414: Supplier Social Assessment

GRI 415: Public Policy

GRI 416: Customer Health and Safety

GRI 417: Marketing and Labeling

GRI 418: Customer Privacy

GRI 419: Socioeconomic Compliance

A6 Useful Acts of Parliament

Accounting and Auditing Standards Act No. 15 of 1995
Banking Act No. 30 of 1988
Companies Act No.07 of 2007
Finance Act No. 38 of 1971
Finance Business Act No. 42 of 2011
Inland Revenue Act No. 24 of 2017
Institute of Certified Management Accountants of Sri Lanka Act No. 23 of 2009
Institute of Chartered Accountants Act No. 23 of 1959
Microfinance Act No. 06 of 2016
Monitory Law Act No. 58 of 1949
National Audit Act No. 19 of 2018
Regulation of Insurance Industry Act No. 43 of 2000
Securities and Exchange Commission Act No. 36 of 1987

APPENDIX 7

A7 International Accountancy Education Standards

All member bodies of International Federation of Accountants are supposed to follow these Education Standards. Professional accountancy bodies in Sri Lanka have not issued separate localized Education Standards and have adopted International Education Standards. The following International Accountancy Education Standards are effective in Jun 2021.

IES 1, Entry Requirements to Professional Accounting Education Programs (2014)

IES 2, Initial Professional Development – Technical Competence (2021)

IES 3, Initial Professional Development – Professional Skills (2021)

IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes (2021)

140 IES 5, Initial Professional Development – Practical Experience (2015).

IES 6, Initial Professional Development – Assessment of Professional Competence (2015)

IES 7, Continuing Professional Development (2020)

IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (2021)

REFERENCES

Asian Development Bank (ADB). (1966). *Multilateral Banks.* Retrieved from https://www.adb.org/countries/sri-lanka/main (Asian Development Bank Website)

Association of Accounting Technicians of Sri Lanka (AATSL). (1987). *Companies Act No 17 of 1982. Companies Act No 7 of 2007.* Retrieved from https://aatsl.lk (Association of Accounting Technicians of Sri Lanka website)

Association of Public Finance Accountants of Sri Lanka (APFASL). (2012). *Public Sector Wing of ICASL.* Retrieved from https://www.casrilanka.com (CA Sri Lanka Website)
https://www.casrilanka.com/casl/images/pdf/members/apfasl_prospectus.pdf

Balachandran, B. (1920 & 1940). *British Accounting bodies in Sri Lanka & Accountancy Board was established*. Retrieved from Western Imperialism And Eastern Accounting, The Story of Chartered Institute of Management Accountants in Sri Lanka.

CecilS. (1799). *Accountant and Auditor-General.* Retrieved from http://www.auditorgeneral.gov.lk/web/index.php/en/about-us/main-history-and-overview (National Audit Office website)

Central Bank of Sri Lanka Annual Reports
https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2019

Certified Public Accountant (CPA). (n.d.). Retrieved from https://www.icpasrilanka.com (Institute of Certified Public Accountant website)

Chartered Institute of Management Accountants (CIMA-UK). (n.d.). Retrieved from https://www.cimaglobal.com/Our-locations/SriLanka/ (Chartered Institute of Management Accountants website)

Civil Auditor Generals. (1806). *Head of the Audit Department.* Retrieved from http://www.auditorgeneral.gov.lk/web/images/aboutus/HistoryoftheAuditorGeneralsDepartment.pdf

Comparison of Sri Lanka Accounting Standards with International Standards. (2021). *IFRS/IAS.* Retrieved from https://www.ifrs.org/issued-standards/list-of-standards/ (IFRS Website)

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). (n.d.). *GIZ offers a wide range of services to governments, companies, international institutions and private foundations.* Retrieved from https://www.giz.de/en/html/index.htm (Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH International Trade and Development, web site)

Eastern University. (n.d.). *Bachelor of Commerce degree*. Retrieved from http://www.fcm.esn.ac.lk/commerce (Eastern University website)

Finance on Line – Review for Business https://financesonline.com/accounting-trends

Global Reporting Initiative (GRI). (n.d.). *Sustainable Reporting in the world.* Retrieved from https://www.globalreporting.org (Global Reporting Initiative website)

Ministry of Finance Annual Reports http://treasury.gov.lk/documents/10181/849744/Annual+Report+2019/9c980fb3-706f-494e-b2d5-8d72fcbff758?version=1.0

National Audit Office of Sri Lanka (Adoption of Sri Lanka Public Sector Accounting Standards) http://www.auditorgeneral.gov.lk/web/images/Intranet/article/Magazine Presentation-of-Financial-Statements1.pdf

IAASB sets the ISAs.(n.d.). *clarified standards.* Retrieved from https://www.iaasb.org/publications/2018-handbook-international-quality-control-auditing-review-other-assurance-and-related-services-26 (International Auditing and Assurance Standards Board website)

International Monetary Fund https://www.imf.org

International Organization of Supreme Audit Institutions (INTOSAI). (n.d.). *Public Sector National Audit Act No 19 of 2018.* Retrieved from https://www.intosai.org, https://www.intosai.org/focus-areas/audit-standards he (International Organization of Supreme Audit Institutions website)

The Heritage Foundation http://www.heritage.org

The International Public Sector Accounting Standards Board https://www.ipsasb.org/

Internal Auditing Standards. (n.d.).*The International Professional Practices Framework (IPPF).* Retrieved from https://global.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx (The Intitue of Internal Auditors Global website)

Institute of Internal Auditors Sri Lanka (IIA-SL). (2005). *Companies Act No 17 of 1982.* Retrieved from http://www.iiasl.lk (Institute of Internal Auditors Sri Lanka website)

Infrastructure in Tertiary Education in Accounting. (n.d.). *University Grants Commission (UGC).* Retrieved from https://www.ugc.ac.lk/attachments/1156_SLQF_2016_en.pdf

International Federation of Accountants (IFAC). (n.d.). *The Roles and Domain of the Professional Accountant in Business.* Retrieved from The Roles and Domain of the Professional Accountant in Business, IFAC, 2005.

International Interpretations Adopted in Sri Lanka. (2021). Retrieved from https://www.ifrs.org/issued-standards/list-of-standards/ (IFRS website)

International Public Sector Standards. (2021). Retrieved from https://www.ipsasb.org/publications/2021-handbook-international-public-sector-accounting-pronouncements (IFRS website)

Internal Auditing Standards. (2021). Retrieved from https://na.theiia.org/standards-guidance/mandatory-guidance/pages/standards.aspx ((The Intitue of Internal Auidtors North America website)

Kaatsu International University. (n.d.). *Bachelor of Management Honors in Accounting degree*. Retrieved from https://www.kiu.ac.lk/course/bachelor-of-management-honours-in-accounting/ (The KAATSU International for Undergraduate-studies website)

Kannangara, C.W.W. (1931). *free education system.* Retrieved from https://www.k12academics.com/Education%20Worldwide/Education%20in%20Sri%20Lanka/history-education-sri-lanka (K12 Academisc Website)

Ministry of Education Ministry of Education of Sri Lanka http://www.moe.gov.lk/

Ministry of Finance https://www.treasury.gov.lk/

Redalyc Database https://www.redalyc.org/pdf/909/90915202.pdf

Registrar of Companies. (n.d.). *Government Information Centre.* Retrieved from http://www.gic.gov.lk/gic/index.php/en/component/info/?id=2324&task=info

Rajarata University.(n.d.). *Bachelor of Science in Accountancy and Finance.* Retrieved from http://www.rjt.ac.lk/mgt/pages/acc.php (Rajarata University website)

Report on the Observances of Standards Codes Accounting and Auditing (ROSC). (1959). *World Bank*. Retrieved from Report on the Observances of Standards Codes Accounting and Auditing (ROSC) World Bank.

Sabaragamuwa University. (n.d.). *Bachelor of Science degree in Financial Management*. Retrieved from https://www.sab.ac.lk/mgmt/fm (Sabaragamuwa University website)

Selecting Accountancy as Career. Retrieved from http://www.salaryexplorer.com/salary-survey.php?loc=204&loctype=1&job=4&jobtype=1 (Salary Explore Website)

South Eastern University. (n.d.). *Bachelor of Business Administration*. Retrieved from http://www.seu.ac.lk/fmc/index.php (South Eastern University Website)

Sri Lanka Technological Campus. (n.d.). *Business Management (Honors) in Accounting and Finance*. Retrieved from https://sltc.ac.lk/ (Sri Lanka Technological Campus website)

Sri Lanka Accountants Service (SLAcS). (1946). Retrieved from https://www.pubad.gov.lk/web/index.php?option=com_content&view=article&id=33&Itemid=153&lang=en (Sri Lanka Accountants Service website)

Sri Lanka Institute of Advanced Technological Education. (n.d.). *Public Administration Circular No.46/90 of 1990.* Retrieved from http://www.sliate.ac.lk/ (Sri Lanka Institute of Advanced Technological Education Website)

Sri Lanka Institute of Development Administration (SLIDA). (n.d.). *Parliamentary Act No. 09 of 1982.* Retrieved from http://www.slida.lk/slidatest/index.php?lag=en (Sri Lanka Institute of Development Administration Website)

Technical College. (1940). *Education Department.* Retrieved from http://www.findglocal.com/LK/Maradana/314557955245799/Japan-Sri-Lanka-College-of-Technology (Technical College website)

The Association of Chartered Certificated Accountants (ACCA). (2002). Retrieved from https://www.acca.lk (The Association of Chartered Certificated Accountants Website)

The IFAC policy paper. (n.d.). *Regulation of the Accountancy Profession.* Retrieved from http://www.ifac.org/publications-resources/regulation-accountancy-profession-1

The Institute of Certified Management Accountants of Sri Lanka (CMA). (2009). *Parliament Act No.23 of 2009*. Retrieved from https://www.cma-srilanka.org & Institute of Certified Management Accountants of Sri Lanka – Annual Report – 2019. (The Institute of Certified Management Accountants of Sri Lanka website)

The Institute of Chartered Accountants of Sri Lanka (ICASL). (1959). *Parliament Act No.23 of 1959*. Retrieved from https://www.casrilanka.com (CA Sri Lanka website)

The Institute of Chartered Accountants of Sri Lanka. (n.d.). *Bachelor of Science degree in Applied Accounting.* Retrieved from https://www.casrilanka.com/casl/index.php?option=com_content&view=article&id=786&Itemid=30 (CA Sri Lanka website)

The International Integrated Reporting Council (IIRC). (n.d.). *Reporting Framework.* Retrieved from https://integratedreporting.org/ (The International Integrated Reporting Council website)

The National Center for Sustainability Reporting. (n.d.). Retrieved from https://www.ncsr-id.org (The National Center for Sustainability Reporti website)

The Organisation for Economic Co-operation and Development https://www.oecd.org/dac/stats

The Organization of Professional Associations of Sri Lanka https://opasrilanka.org/

The World Bank. (n.d.). *Finance Sector*. Retrieved from. https://www.worldbank.org/en/country/srilanka & https://projects.worldbank.org/en/projects-operations/projects-summary?countrycode_exact=LK (The World Bank website)

United Nations Development Program http://www.lk.undp.org

The University of Colombo. (n.d.). *Bachelor of Business Administration in Accounting or Bachelor of Business Administration in Finance, Master of Business Administration & Diploma in Computer Based Accounting and Information Systems***.** Retrieved from https://mgmt.cmb.ac.lk/ (University of Colombo website)

The University of Jaffna. (n.d.). *Diploma program on Micro Finance, Bachelor of Business Administration (Accounting), Special (BBA (Accounting))degree, Bachelor of Commerce, Bachelor of Business Management Honors in Accounting and Finance & Master of Business Administration*. Retrieved from http://www.maco.jfn.ac.lk/# (University of Jaffna Website)

University of Kelaniya. (n.d.). *Undergraduate programs, Master's programs, and a Doctorate program*. Retrieved from http://fcms.kln.ac.lk/ (University of Kelaniya website)

University of Peradeniya. (n.d.). *Undergraduate degree program, Postgraduate Diploma, Master's program in Accounting, Auditing*. Retrieved from https://mgt.pdn.ac.lk/ (University of Peradeniya website)

The University of Ruhuna. (n.d.). *Undergraduate degree program in Accounting, Auditing*. Retrieved from http://www.mgt.ruh.ac.lk/index.php (University of Ruhuna Website)

The University of Sri Jayawardenepura. (n.d.). *Diploma program, Advanced Diploma program, Undergraduate degree programs, Post-graduate Diploma program, Postgraduate degree programs, a postgraduate-level research degree program, and a Doctor of Philosophy program*. Retrieved from https://mgt.sjp.ac.lk/ (University of Sri Jayawardenepura website)

Wayamba University. (n.d.). *Bachelor of Science in Accountancy and Business Finance.* Retrieved from http://wwww.wyb.ac.lk/index.php (Wayamba University website)