

**Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund – 2013**

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The audit of the financial statements of the Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund for the year ended 31 December 2013 comprising the statement of balance as at 31 December 2013 and the statement of statement of income, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with provisions of Section 10 (4) of the Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund Act , No. 44 of 2009. My comments and observations on the Financial Statements appear in this Report.

**1.2 Responsibilities of Management for the Financial Statements**

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**1.3 Auditor's Responsibility**

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My responsibility is to conduct an audit of the Fund's financial statements in accordance with Sri Lanka Auditing Standards that are in compliance with International Auditing Standards (ISSAI 1000 – 1810) of Supreme Audit Institutions and to issue an auditor's report.

**1.4 Basis for Disclaimer of Opinion**

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As a result of the matters described in paragraph 2.2 of this Report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the income statement, statement of changes in equity and cash flow statement.

**2. Financial Statements**

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**2.1 Disclaimer of Opinion**

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Because of the significance of matters described in paragraph 2.2 of this Report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

## **2.2 Comments on the Financial Statements**

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### **2.2.1 Accounting Policies**

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The following observation is made.

Accounting Policies (other than the Policy of Depreciation) which was the basis for the preparation of the financial Statements had not been revealed.

### **2.2.2 Accounting Deficiencies**

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The following observations are made.

- (a) Even though recurrent expenditure of Rs. 20,109,170 and Capital expenditure of Rs. 2,600,000 had been incurred in the previous years for Ambuluwawa Trust Fund as per the ledger maintained by the Public Trustee, Action had not been taken to identify and to adjust the expenditure. Further, recurrent expenditure of Rs. 2,662,147 incurred in the year under review had not been indicated in the financial statements.
- (b) Action had not been taken to estimate and to accounts 04 water motors, hand tractor engine and a generator received as donations prior to the year 2012.
- (c) Capital Expenditure amounting to Rs. 6,991,649 incurred for the constructions in the year 2013 had been brought to accounts as revenue expenditure.
- (d) Contribution for Employees' Provident Fund and Contribution for the Employees' Trust Fund had been overstated in the financial statements by Rs. 222,820 and Rs.36,179 respectively.
- (e) An amount of Rs. 152,800 paid as the salary of the Gardener in relation to the year under review had been omitted in the financial statements.
- (f) Arrears interest income amounting to Rs. 2,309,589 and Rs. 750,000 respectively from October 2009 to 31 December 2012 and in the year under review had not been indicated in financial statements.
- (g) Even though it had been revealed in the financial statements that fixed assets will be depreciated by 5 %, depreciation in relation to assets amounting to a collective value of Rs. 332,580,000 had not been brought to accounts.
- (h) The income from towers related to the year under review in terms of the Agreements entered in to with 02 Telephone Companies had been understated by Rs. 442,000.

### 2.2.3 Documentary Evidences not made available for Audit

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The following observations are made.

- (a) Receipts, income documents and valid lease agreements had not been presented in relation to 02 items of revenue amounting to a collective value of Rs.2,923,500.
- (b) Ledger accounts, goods survey reports and fixed assets registers had not been maintained in relation to assets amounting to a collective value of Rs.347,580,000 and ledger accounts had not been maintained in relation to liabilities amounting to Rs. 347,784,932.
- (c) The public Trustee had spent Rs. 231,150 for repairing expenses and Rs. 83,581 for insurance premium for two vehicles bearing Numbers HM-4784 and KI-2084 in the year under review, it had not been revealed from the financial statements that the Fund owned two such vehicles.
- (d) Receipts of materials and issuance of materials daily to work sites in relation to purchases of goods at the value of Rs. 2,100,616 had not been stated in stock books.

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

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Reference to Laws, Rules Regulations etc.	Non-compliance
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
i. FR 395 (c)	Bank Reconciliations had not been prepared at the end of each month.
ii. FR 756	Annual Verification of Goods had not been conducted.
(b) Public Finance Circular of Deputy Secretary of the General Treasury bearing No. PF/423 of 22 December 2006	
i. Section 4.1 (a)	Annual Budget formulated in compliance with the Objectives of the Fund had not been prepared.
ii. Section 4.3	Action had not been taken to present reports that should be submitted to the Auditor General mentioned in “c” to “f” in the Section.

### **3. Financial Review**

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#### **3.1 Financial Result**

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As per the financial statements presented, the financial result of the operational activities of the Fund for the year ended 31 December 2013 amounted to a deficit of Rs. 2,928,833 and the corresponding deficit in the preceding year amounted to Rs. 1,474,811. Therefore, a deterioration of the financial result amounting to Rs. 1,454,022 was observed.

#### **3.2 Revenue Administration**

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Even though Ambuluwawa Bio Diversity Complex is located closer to the Kandy – Nuwara eliya road, only 1,613 foreign tourists had attended it in the year under review and the income earned from their visit was Rs. 483,900. We had deprived of a large income that could be earned due to not providing a wide publicity to increase the tourist attention.

### **4. Operational Review**

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#### **4.1 Management Inefficiencies**

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The following observations are made.

- (a) Action had not been taken to convert the building with 03 shops constructed by incurring an expenditure of Rs. 1,270,000 at the entrance to the Ambuluwawa Bio diversity Unit in to the usable condition even though 03 years had passed after the construction of the building.
- (b) Even though the Fund had owned 02 tourist houses with all the facilities constructed by incurring government grants amounting to Rs. 10,500,000, only an income of Rs. 41,500 had been earned during the year under review
- (c) Even though Cafeteria Restaurant constructed by using Government Grants amounting to Rs. 1,800,000 had been offered to an external party with furniture of the Restaurant to conduct business activities even without an Agreement, The Fund had not received any income from that activity.

#### **4.2 Defects in Contract Administration**

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A sum of Rs. 4,437,872 had been paid for broadening the way to the Ambuluwawa Govijana Chethiya and a sum of Rs. 879,000 for filling soil for the wall near the Tea, Coconut and Rubber Research Centre and a sum of Rs. 1,029,000 for cutting the by road had been paid in the year under review without calling quotations, awarding tenders, preparation of Engineering estimates, final bills and getting a confirmation for the work done.

#### **4.3 Idle or underutilized Assets**

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Even though the Fund owned a well-equipped Conference hall constructed using government grants amounting to Rs. 10,000,000, there was no confirmation that conferences were held in the previous year or the year under review.

### **5. Accountability and Good Governance**

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#### **5.1 Presentation of Financial Statements**

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In accordance with Paragraph 4.3 of the Public Finance Circular No.PF/423 of 22 December 2006, the financial statements of the Fund should be presented to the Auditor General within 02 months after the close of the financial year, The financial statements of the year under review had been presented to the Audit on 07 December 2018 after a delay of more than 04 years.

#### **5.2 Performance**

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The Fund had not taken any action to accomplish the other objectives other than 4 objectives out of 20 objectives stated from (a) to (t) in Section 4 of the Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund Act , No. 44 of 2009.

### **6. Systems and Controls**

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Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Fund from time to time. Special attention should be focused on the following fields of control.

- (a) Control of Income
- (b) Control of Stocks
- (c) Control of Assets