

Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund – 2014

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 2014 comprising the balance sheet as at 31 December 2014 and the 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 these Financial Statements appear in this Report.

1.2 Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation 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

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 that includes my opinion.

1.4 Basis for Disclaimer of Opinion

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 balance sheet and the income statement.

2. Financial Statements

2.1 Disclaimer of Opinion

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

2.2.1 Accounting Policies

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

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) The capital expenditure of Rs.4,723,618 incurred during the year under review had been brought to account as revenue expenditure.
- (b) Receipts income of the year under review had been understated by Rs.8,000.
- (c) As the telephone tower income had been brought to account on cash basis, income of 05 telephone towers pertaining to the year under review had been overstated by Rs.968,000.
- (d) The monthly installments and advances amounting to Rs.2,080,000 received on an agreement entered into with a private telecommunication company on 01 September 2014 for a period of 06 years had been brought to account as income and as such, income of the year had been overstated by Rs.1,813,334.
- (e) Contribution for the Employees' Provident Fund amounting to Rs.526,660 made for the preceding year had been brought to account as an expenditure of the year under review.
- (f) Employer's contribution for the Employees' Provident Fund amounting to Rs.138,144 and for the Employees' Trust Fund amounting to Rs.34,536 relating to the year under review had not been stated as an expenditure in the income and expenditure account. Similarly, arrears of the contribution for the Employees' Provident Fund and the Employees' Trust Fund as at 31 December of the year under review amounting to Rs.74,254 had been understated.
- (g) Unrecovered salary advances of Rs.49,720 had not been brought to account as receivables .

2.2.3 Lack of Evidences for Audit

The following observations are made.

- (a) As the 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.4,501,000, those could not be satisfactorily vouched in audit.
- (b) Ledger accounts, board of survey reports and registers of fixed assets had not been maintained in relation to assets amounting to a collective value of Rs.347,479,500 and as such, those not be satisfactorily vouched in audit.

- (c) As ledger accounts and schedules had not been maintained in respect of non-current liabilities amounting to Rs.347,526,326, their accuracy and existence could not be substantiated.

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

 The following non-compliances with laws, rules, regulations and management decisions were observed.

Reference to Laws, Rules Regulations etc.	Non-compliance
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(a) Ambuluwawa Dissanayake Mudiyanselage Jayaratne Religious Centre and Bio-diversity Complex Trust Fund Act , No. 44 of 2009 ----- Section 3 (2)	Members as referred to in the Section had not been appointed for the Trust Board.
(b) Sub-section 2 of Section 10 of the Employees' Provident Fund Act No.15 of 1958.	Even though the relevant contribution to the Fund should be made on or before the last date of the month, the contribution amounting to Rs.231,400 recovered during the year under review had not been remitted to the Fund.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka ----- i. Financial Regulation 395 (c) ii. FR 756	Bank Reconciliation Statements had not been prepared at the end of each month. Annual Board of Survey had not been conducted.
(d) Public Finance Circular of Deputy Secretary of the General Treasury bearing No. PF/423 of 22 December 2006 ----- Section 4.3	The cash flow statement and the statement depicting the discrepancies of the Accumulated Fund had not been submitted along with the financial statements presented.
(e) Management Audit Circular No.DMA/2009 (i) dated 09 June 2009.	The Ministry had not carried out an internal audit.

3. Financial Review

3.1 Financial Result

As per the financial statements presented, the operational activities of the Fund for the year ended 31 December 2014 had resulted in a surplus of Rs. 430,211 as against the deficit in the preceding year amounting to Rs. 2,928,833 Accordingly, an improvement of the financial result amounting to Rs. 3,359,044 was observed during the year under review.

3.2 Revenue Administration

The following observations are made.

- (a) Even though the Fund has 02 circuit bungalows constructed at a cost of Rs.10.5 million, the income earned therefrom had been Rs.25,000 during the year under review. Necessary steps had not been taken to give wide publicity on these circuit bungalows located in a picturesque surrounding and thereby improve its income through the increase of tourist attraction.
- (b) Even though the Fund has an auditorium constructed at a cost of Rs.10.0 million, necessary action had not been taken to earn an income therefrom by making arrangements to conduct at least a single conference.

4. Operational Review

4.1 Operating Inefficiencies

In terms of Section 8 of the Part II of the Employees' Provident Fund Act No.15 of 1958, the Trust Fund is bound to pay contributions in respect of its all employees to the Employees' Provident Fund. Nevertheless, contributions had not been made during the year under review in respect of three employees recruited on contract basis.

4.2 Identified Losses

Since the payment of annual contributions for the Employees Trust Fund pertaining to the year 2013 had been delayed, a surcharge of Rs.42,204 had been paid during the year under review.

4.3 Performance

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.

5. Accountability and Good Governance

5.1 Unresolved Audit Paragraphs

In accordance with the Ledger maintained by the Public Trustee, a sum of Rs.2,600,000 had been spent for the capital expenditure of the Ambuluwawa Trust Fund. Nevertheless, the Fund had not recognized and adjusted that expenditure.

6. Systems and Controls

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 areas of control.

- (a) Revenue Administration
- (b) Accounting
- (b) Control of Stocks
- (c) Control of Assets