

Ambuluwawa Dissanayake Mudiyansele Jayaratne Religious Centre and Bio-diversity Complex Trust Fund - 2017

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 2017 comprising the balance sheet as at 31 December 2017 and the income and expenditure account 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 and expenditure account.

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 Financial Statements

2.2.1 Accounting Policies

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

2.2.2 Accounting Deficiencies

The following matters were observed.

- (a) The expenditure of capital nature amounting to Rs. 3,881,861 incurred during the year under review had been brought to account as revenue expenditure.
- (b) Annual depreciation value of Property, Plant and Equipment for the year under review amounting to Rs.17,384,101 and payable repair cost of Rs.32,600 had been adjusted to the Investment and Donation Account on the balance sheet without being taken any action to adjust them to the Income and Expenditure Account.
- (c) As the telephone tower income had been brought to account on cash basis, income pertaining to the year under review had been understated by Rs.1,233,500 in the Income and Expenditure Account. Even though the total of receivables for the year under review and the preceding year amounted to Rs. 1,277,000, that receivable value had been understated by Rs.717,000 under the current assets.
- (d) Although the expenditure for the Employees' Provident Fund pertaining to the year under review amounted to Rs. 353,370, it had been understated by Rs.27,014 in the Income and Expenditure Account due to accounting for only the payment of Rs. 326,356 made in cash . Further, current liabilities had been understated by the contributions payable during the last year and the year under review amounting to Rs. 275,221.
- (e) The current liability of the contribution payable to the Employees Trust Fund as at 31 December of the year under review had been understated by Rs. 13,266 in the account.
- (f) According to the ledger accounts maintained by the Public Trustee, receipt of interest amounting to Rs. 6,004,023 had been adjusted for the fixed deposit, and the capital and revenue expenditure recoverable from this Fund as at 31 December 2017 amounting to Rs. 2,600,000 and Rs. 12,668,126 respectively had not been adjusted in the financial statements of the Fund.

2.2.3 Lack of Evidences for Audit

The following observations are made.

- (a) Ledger accounts, board of survey reports and registers of fixed assets had not been maintained in relation to property, plant and equipment amounting to a value totalling Rs. 330,297,914 and as such, completeness, existence and the accuracy thereof could not be substantiated in audit.
- (b) As ledger accounts and schedules had not been maintained in respect of non-current liabilities amounting to Rs. 332,483,093 , their accuracy and existence could not be substantiated.

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

Non-compliances with laws, rules, regulations and management decisions were as follows.

Reference to Laws, Rules, Regulations etc.	Non-compliance
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
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i. Financial Regulations 177	Although a receipt should have been issued for each receipt, no receipts had been issued for the revenue of Rs. 3,499,500.
ii. Financial Regulations 237 (b)	Ticket books worth Rs. 167,790 and a water pump worth Rs. 40,000 purchased during the year under review had not been entered in the inventory and the stock certificate of the payment voucher too had not been included therein.
iii. Financial Regulations 395 (C)	Bank Reconciliation Statements had not been prepared for each month of the year under review.
iv. Financial Regulations 446(2)	Cash book had not been maintained in an updated manner
v. Financial Regulations 1645 and 1646	The log books of the 03 vehicles owned by the Fund had not been maintained in an updated manner and the running charts were not submitted for audit.

- (b) Section 4.3 of the public Finance Circular No.PF/423 dated 22 December 2006 of the Deputy Secretary to the Treasury. The cash flow statements and the statement depicting the differences of the accumulated fund had not been submitted together with the financial statements presented.

3. Financial Review

Financial Result

As per the financial statements presented, the operational activities of the Fund for the year ended 31 December of the year under review had resulted in a surplus of Rs.832,468 as compared with the corresponding surplus in the preceding year amounting to Rs. 218,799. Accordingly, an improvement of the financial result amounting to Rs. 613,669 was observed during the year under review.

4. Operating Review

4.1 Management Inefficiencies

The following matters were observed.

- (a) The Fund has 02 circuit bungalows equipped with all facilities and expenditure of Rs.971,783 had been incurred during the year under review for renovations of those bungalows. Nevertheless, no income whatsoever had been earned from those circuit bungalows during the year under review.
- (b) Although a sum of Rs.1,829,757 had been paid for the repairs during the year under review without entering into an agreement, no systematic procedure had been adopted in selecting the contractor.
- (c) Without being complied with the provisions of Guideline 2.14.1 of the Government Procurement Guidelines, raw materials and goods totaled Rs. 251,226 had been procured for constructions on three occasions without calling for bids.

4.2 Identified Losses

Since the payment of contributions for the Employees Provident Fund for the preceding years had been delayed, a surcharge of Rs. 18,022 had been paid during the year under review.

4.3 Performance

The Fund had not taken any action to accomplish the other objectives except for 4 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

Presentation of Financial Statements

In terms of paragraph 4.3 of Public Finance Circular No. PF / 423 dated 22 December 2006, the financial statements of Fund should be submitted to the Auditor General within 02 months after the end of the year of account, whereas the financial statements of the year under review had been presented to Audit on 01 December 2020 after a delay of more than 2½ years.

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