

## **Buddha Sasana Fund - 2018**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Buddha Sasana Fund for the year ended 31 December 2018 comprising the balance sheet and the income and expenditure account, and cash flow statement 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(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018 and Finance Act, No. 38 of 1971. My comments and observations which I consider should be reported to Parliament, appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

#### **1.2 Basis for Qualified Opinion**

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

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the Fund is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Fund.

#### **1.4 Auditor's Responsibility for the Audit of Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Fund, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Fund has complied with applicable written law, or other general or special directions issued by the governing body of the Fund;
- Whether the Fund has performed according to its powers, functions and duties; and
- Whether the resources of the Fund had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## 1.5 **Audit Observations on the Preparation of Financial Statements**

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### 1.5.1 **Lack of Documentary Evidence for Audit**

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The following observations are made.

<u>Item</u>	<u>Amount</u> <u>Rs.</u>	<u>Audit</u> <u>Evidence not</u> <u>made</u> <u>available</u>	<u>Comments of the</u> <u>Management</u>	<u>Recommendation</u>
(a) Payments	1,717,000	Receipts that payments have been received	Replies had not been made available relating to the amount mentioned.	Receipts that payments have been received, should be made available.
(b) Liabilities	1,348,796	Detailed information	These are the figures which were brought forward in final accounts of the year 2015 and not changed so far.	Detailed information should be made available.

## 1.6 **Accounts Receivable and Payable**

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### 1.6.1 **Receivables**

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<u>Audit Observation</u>	<u>Comments of the</u> <u>Management</u>	<u>Recommendation</u>
Even though age analyses relating to advances and other receivable balances totalling Rs.13,031,828 had not been submitted, according to the financial statements of preceding years, it was revealed that a sum of Rs.1,087,447 and the remaining sum of Rs. 11,944,381 were the balances older than 06 years and 03 years respectively. However, action had not been taken to recover those balances.	These balances have remained unchanged and it should have been referred to the Governing Board for reaching a decision thereon.	Action should be taken to settle relevant balances.

## 1.6.1 Payables

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<u>Audit Observation</u>	<u>Comments of the Management</u>	<u>Recommendation</u>
Even though age analyses relating to two balances of current liabilities totalling Rs.1,712,435 had not been submitted, according to the financial statements of preceding years, it was revealed that a sum of Rs.544,409 and the remaining sum of Rs.1,168,025 were the balances older than 04 years and 03 years respectively. However, action had not been taken to recover those balances.	These balances have remained unchanged and it should have been referred to the Governing Board for reaching a decision thereon.	Action should be taken to settle relevant balances.

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

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<u>Reference to Laws, Rules, Regulations etc.</u>	<u>Non-compliance</u>	<u>Comments of the Management</u>	<u>Recommendation</u>
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 396	Steps had not been taken even by the date of this report to take action in terms of Financial Regulations with regard to 07 cheques valued at Rs.56,863 issued by the Fund but not submitted during the period from 2013 to 2017.	Letters have been sent for briefing the relevant parties on these cheques and no decisions whatsoever have been taken in this connection.	Action should be taken in terms of Financial Regulations.
(ii) Financial Regulation 502(2)	A Fixed Assets Register had not been maintained in respect of fixed assets totalling Rs.10,213,031.	A Fixed Assets Register had not been maintained in the year 2018 and it is maintained in the year 2020.	Action should be taken in terms of Financial Regulations.
(iii) Financial Regulation 757(2)	A verification on Buddhist Dhamma books valued at Rs.8,652,506 had not been carried out and relevant reports forwarded to the Auditor General.	These are values brought forward in the final accounts of the year 2015 and no changes have taken place so far.	Action should be taken in terms of Financial Regulations.

<p>(b)Regulation 877(2)(d) of the Financial Regulations as included by State Accounts Circular No.PF/423 of 22 December 2006 and paragraph 15 of the Public Finance Circular No. 01/2020 of 28 August 2020</p>	<p>The financial statements should be furnished to the Auditor General within 02 months after the closure of the accounting year. However, the financial statements of the year under review had been furnished to the Auditor General with a delay of two years and 08 months.</p>	<p>The accounts of the years 2016, 2017 and 2018 had been prepared in the year 2020 and as such, they had not been submitted to Audit.</p>	<p>Accounts should be submitted without delay in terms of circulars.</p>
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**2. Financial Review**

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**Financial Results**  
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The operations of the year under review resulted in a surplus of Rs.41,593,654 as compared with the corresponding surplus of Rs.41,905,243 of the preceding year, thus observing a decline of Rs.311,589 in the financial result. Despite the increase in income from investment interest by Rs.3,227,068, spending of Rs.3,000,000 for the programme on providing financial aid for sanitary purposes and the increase in other expenditure by Rs.619,589 had mainly attributed to this decline.

**3. Operating Review**

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**Operating Inefficiencies**  
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<u>Audit Observation</u>	<u>Comments of the Management</u>	<u>Recommendation</u>
<p>According to financial statements, a sum of Rs.55,366,914 had been received in the year under review as income of the Fund. Nevertheless, only a sum of Rs.13,773,260 thereof representing 25 per cent had been spent for the objectives of the Fund. Moreover, annual surplus monies had been invested and the investment value totalled Rs. 531,760,164 as at 31 December of the year under review. Even though the function of the Fund is to apply moneys for purposes considered best to protect and foster the Buddha Sasana, the Fund had failed to implement programmes to adjust to the income received to the Fund annually.</p>	<p>Even though the interest income received on interest rate in the year 2018 was high, the number of projects implemented in the year 2018 and the number of officers relating to the Fund was low. However, projects of the Fund have improved in the years 2019, 2020 and 2021.</p>	<p>Relevant programmes should be implemented to achieve the purposes of the Fund.</p>