

Samastha Lanka Shasanarakshaka Mandala Fund- 2019

1.1 Qualified Opinion

The audit of the financial statements of the Samastha Lanka Shasanarakshaka Mandala Fund for the year ended 31 December 2019 comprising the Balance sheet as at 31 December 2019 and the income and expenditure account, statement of changes in equity 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka and the National Audit Act No.19 of 2018 read in conjunction with the paragraph 10(3) of the Samastha Lanka Shasanarakshaka Mandalaya (Incorporation) Act No.16 of 2014. 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 2019 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the 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 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 Responsibility of the Management and Those Charged with Governance for the Financial Statements

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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 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 Financial Statements

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 it 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 judgement 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 exists 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 statement or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. 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;
- 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 Financial Statements

1.5.1 Accounting Deficiencies

Audit Observation	Management's Comment	Recommendation
<p>For sale on the occasion of the Daham School Day of the year 2019, 1,067,050 flags at a value of Rs.10,670,500 and 99,610 stickers at a value of Rs.2,490,250 had been distributed among 314 Shasanarakshaka Balamandala. When recording flag sales revenue, the total sum of the receipts in the monthly bank statement is taken into account as income and accordingly, even though Rs.4,145,363 was accounted as the proceeds from the sale of the flags in the year under review, out of which the flag sales records were not rendered to verify Rs.1,060,580. Furthermore, as the records of unsold number of balance flags as at 31 December of the year under review were not available with the Fund, the accuracy and the completeness of sales income accounted could not be established.</p>	<p>Note to sell flags, collect income and receive balance flags in a regularized manner in future.</p>	<p>Regularize the process of getting the sales records, appointment of a supervisory officer and to introduce a methodology to count the balance flags as at 31 December.</p>

1.6 Non-compliance with Laws, Rules and Regulations

Audit Observation	Management's Comment	Recommendation
As stated in sub-paragraphs (a) and (f) of paragraph 6 of the general powers of the Fund in the Samastha Lanka Shasanarakshaka Mandalaya (Incorporation) Act No. 16 of 2014, actions had not been taken to recruit and employ sufficient number of officers and employees for the fulfilment of the objects of the Fund.	Two officers are employed currently.	Action needs to be taken to get a permanent staff approved.

2. Financial Review

2.1. Financial Results

The operating result for the year under review was a surplus of Rs.12,491,355 and the corresponding surplus for the preceding year was Rs.3,514,220. Accordingly, an improvement of Rs.8,977,135 was observed in the financial result. Even though a sum of Rs.2,300,000 was paid as buildings aids during the year under review, the receipt of Rs.10,000,000 as donations was mainly attributed to this improvement.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation	Management's Comment	Recommendation
(a) As at 31 December of the year under review, there was a balance of Rs.8,051,167 in the "Buddhuputh Mapiya Trust" fund which was established with the objective of helping parents of Monks. However, due to the fact that 748 housing applications submitted up to the year 2017 have been submitted to the Ministry of Housing and Construction and 9 housing applications submitted in the year under review have not been processed no housing assistance programme had been implemented to fulfil the objectives despite having sufficient financial allocations to fulfill the requests during the year under review and the preceding year.	Applications submitted to the Ministry of Housing have been submitted to the Minister for approval. Although it was planned to implement the Buddhuputha Mapiya housing project in collaboration with the Buddhasasana Fund, it was delayed due to unavoidable reasons.	Existing funds need to be utilized efficiently for the purpose of establishing the trust.

- (b) Daham Sisusaviya scholarship programme was launched in the year 2018 with the objective of selecting one student from each Shasanarakshaka Mandala of the island and awarding Rs.12,000 for 24 months at a rate of Rs.500 per month. During the year under review, 262 students from 288 Shasanarakshaka Mandala had qualified for the program, but only 139 students were selected and only Rs.100,000 was paid as a 10 month scholarship grant to 20 students. Furthermore, no action had been taken to select students for this scholarship from 35 Shasanarakshaka Boards in the Badulla, Puttalam, Mullaitivu and Vavuniya districts.
- Scholarships will be awarded to the recipients in conjunction with the forthcoming Daham School Day celebration. The registrar monks of the Badulla, Puttalam, Mullaitivu and Vavuniya districts had not sent the lists of students who had won first place in the 2017 Daham Denuma Nipunatha programme.
- Scholarships need to be awarded in a regularized manner so that all eligible students can benefit by resolving issues related to selection.

3.2 Operating Inefficiencies

Audit Observation	Management's Comment	Recommendation
2,471 number of daham school flags which were printed using cloths for the purpose of selling for daham schools at a price of Rs.300 to raise funds about 9 years ago had been stored in the store of the Department of Buddhist Affairs and in the store of projects division. No inventory registers were maintained for these flags and no receipts were issued for the sale of flags. Furthermore, the Governing Board of the Fund had not taken steps to sell the flags or issue the remaining stock using any other appropriate means.	Actions will be taken to implement a formal programme.	This needs to be discussed by the Governing Board and implement an appropriate programme.

3.3 Underutilization of Funds

Audit Observation	Management's Comment	Recommendation
Paragraph 3 (a) to (i) of the Samastha Lanka Shasanarakshaka Mandalaya (Incorporation) Act No. 16 of 2014 state 9 general objectives of the Fund and the amount incurred to achieve those objectives during the year under review was Rs.6,077,824. Even though Rs.50,003,897 was in savings, current and fixed deposits	During the year payments were made as Sisusaviya scholarship aids, medical assistance and building aids.	Funds need to be utilized efficiently in order to achieve the objectives of the establishment of the Fund.

accounts as at 31 December of the year under review, the Fund had not paid attention for the utilization of such funds efficiently for the achievement of common objectives.

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observation -----	Management's Comment -----	Recommendation -----
An internal audit had not been carried out in terms of Financial Regulation 133 (b) of the Democratic Socialist Republic of Sri Lanka and paragraph 3 of the Department of Management Audit Circular No. DMA/2009 (1) dated 09 June 2009.	As there is no internal audit division, an internal audit has not been carried out.	Get the internal audit done by the audit division of the Ministry.