

## **Buddhasasana Fund – 2012**

### **1. Financial Statements** -----

#### **1.1 Disclaimer of Opinion** -----

Because of the significance of the matters described in paragraph 1.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial Statements.

#### **1.2 Comments on Financial Statements** -----

##### **1.2.1 Non-compliance with Best Accounting Practices** -----

None of the Accounting policies to be disclosed with the financial statement had been disclosed with the financial statements as required by the Best Accounting Practices.

##### **1.2.2 Accounting Deficiencies** -----

The Following observations are made.

- (a) The value of a fertile land with an extent of 2 Acres, 1 Rood, 13 Perches at Basawakkulama of the sacred area, Anuradhapura had been shown as Rs. 10,000 in the financial statements. Action had not been taken to show in the accounting statement the fair assessed value of this land and the lease rent that could be obtained by giving it on lease.
- (b) Accounts had not been separately maintained in order to show the profit relating to books printed and sold by the Fund and the value of stock of books.
- (c) The interest receivable on fixed deposits had been understated in the financial statements by Rs. 13,900,954.
- (d) While carrying forward the balances of 8 audited accounts of the previous year as opening balances in the financial statements, presented for the year under review the balances of 2 accounts had been overstated by Rs. 87,292 and the balances of 6 accounts had been understated by Rs. 9,356,134 in the accounts.
- (e) The fixed deposits of Rs. 30 million in favour of the Buddhasasana Fund at the People's Bank, Union Place had not been included in the accounting statements.
- (f) Meanwhile, the balances of other investments in other fixed deposits at the People's Bank had been overstated in the accounting statements by Rs. 2,406,644.

- (g) Although the Fund had prepared monthly bank reconciliation statements, the cash book furnished to audit had not been reconciled monthly. Accordingly, it was not revealed in audit, on what basis of balances the bank reconciliation statements had been prepared. As such, the correctness of the bank reconciliation statement could not be ascertained. The cash balance at the bank as at 31 December of the year under review was Rs. 12,670,606.
- (h) The unreconciled balance of Rs. 126,679 shown in the trial balance of 2008 had been debited to an adjustment account and without identifying it, it had been written off in the Buddhasasana Accounts of 2009. Action had not been taken to identify those balances and make necessary adjustments in the accounts even asat 31 December 2012.
- (i) Provision for audit fees had not been made as at 31 December 2012 in respect of the accounting year and the previous years.

### 1.2.3 Accounts Receivable and Payable

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Action had not been taken to recover from the year 2011 the sum of Rs. 20,513,820 due in respect of printing of books of a private institution.

### 1.2.4 Lack of Evidence for Audit

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The following transactions could not be satisfactorily vouched due lack of evidence indicated against them.

Description of Transaction -----	Value -----	Evidence not Furnished -----
	Rs.	
(a) Refund of Deposits (SamaneraKepakaruDayakaKram aya)	12,000,000	The approval of the board of control to obtain refund and the utilization of fund.
(b) Destruction of stock of books.	262,286	Board of survey Reports.
(c) Balance stock of books.	1,744,765	-do-

(d) Investments in Treasury Bills and Fixed Deposits.	353,043,425	Registers/ Investment Ledger and detailed schedules containing details of investments.
(e) Books in the custody of Nedimala Buddhist center.	8,248,169	Board of survey reports, confirmations to show that the books are in their custody.
(f) Samanera Institutions Installments Payable.	795,000	Details of Computation.
(g) Interest payable	107,218	-do-
(h) Payment of Advances	8,569,440	Details of payments and confirmation of balances.

#### 1.2.5 Non-compliance with Laws, Rules, Regulations and Management Decisions

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Non-compliances with laws, rules, regulations etc. observed in audit appear below.

**Reference to Laws, Rules, Regulations and Management Decisions**

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**Non-compliance**

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**(a) Buddhasasana Fund Act. No 35 of 1990**

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Section 3.1 and 3.1(5)

The administration, management and control of the fund lies with the board of control and the board could regularize the meetings of the board and the procedures to be adopted at the meetings. However, during the year under review the board of control had met only once and the procedures relating to the functions of the board had not been prepared.

Section 4(1)

An advisory committee of 11 members comprising 4 MahanayakeTheros of 3 Nikayas, Secretary to the Ministry, Commissioner of Buddhist Affairs and 5 members appointed by His Excellency the President should be appointed to assist and advice the board of control, However such a committee

had not been appointed.

Section 6

It is a function of the Fund to accept money received from whatever source from aboard or locally and to utilize it for matters which the Board considers most suitable to safeguard and foster Buddhasasana. However, the sum of Rs. 1,348,796 received on behalf of renovating Viharasthanas affected by Tsunami in 2004 had not been utilized for the said objective upto 31 December 2013.

Section 12.3

A remuneration, which the Board decide should be payable from the income of the Fund to reimburse expenditure incurred by the Auditor General while auditing the accounts of the Fund should be paid to the Auditor General. However, such a payment had not been made.

Section 17

The Fund is exempted from income tax. However, the National Savings Bank had recovered Rs. 347, 381 as withholding tax for fixed deposits. Action had not been taken to get this amount credited to the Fund.

**(b) Public Finance circular  
No. PF 423 dated 22  
December 2006**

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- (i) Paragraph 4.1(a),(b) and (c) Action had not been taken to prepare a budget in accordance with the objective of the Fund and to get it approved by the Honourable Minister.
- (ii) Paragraph 4.2 (b) Receipts had not been issued for all money received at the Fund. A register of investments too had not been maintained.
- (iii) Paragraph 4.2 (c) Documents and reports relating to bank accounts should be reconciled and quarterly furnished to the Director General of Public Finance. However, this had not been done.
- (iv) Paragraph 4.2 (f) A satisfactory accounting procedure should be adopted by maintaining correct books and registers relating to the Fund. However, considerable deficiencies were observed in the accounting reports and allied registers prepared, as described in paragraph 02 of this report.

## **2. Financial Review**

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### **2.1 Financial Results**

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According to the financial statements presented, the Income and Expenditure of the Fund for the year ended 31 December 2012 were Rs. 29,966,509 and Rs. 2,241,441 respectively resulting in a surplus of Rs. 27,725,095 in its operating activities as compared with the income and expenditure of the previous year amounting to Rs. 32,085,975 and Rs. 5,256,606 respectively resulting in a surplus of Rs. 26,829,369. Accordingly, the financial results showed an improvement of Rs. 895,726. During the year under review, the Fund had not received any donations. The inefficiency and negligence of the management of the Fund had attributed to the systematic decrease in donations received at the Fund from general public. The investments as at 31 December of the year under review was Rs. 353 million and the income, thereon was Rs. 30 million. The total expenditure of the year under review as compared with the investment income was about 7.47 per cent. Meanwhile, action had not been taken to fulfil the objective of establishing the Fund. As a result, more than 92 percent of the overall income of the Fund had been underutilized during the year under review and the previous year.

## **3. Operating Review**

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### **3.1 Performance**

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The following observations are made.

- (a) The SamanerakepakaruDayakakramaya should be operated by using the benefit obtained from the initial investment of Rs. 28 million belonging to the SamanerakepakaruDayakakramaya. However, a sum of Rs. 2,595,000 alone had been used out of the interest income of Rs. 15,926,160 received for the past 5 years and it was 16.29 percent of the income. While examining the performance, it was observed that it had not properly functioned.
- (b) A sum of Rs. 353 million of the Buddhasasana Fund as at 31 December 2012 had been deposited in few state banks. However no information regarding the annual renewals of those fixed deposits or reinvestments were available in the files concerned.
- (c) According to a decision made by the board of control of the Buddhasasana Fund activities relating to translation of paliAttakatha books and other Buddhist Books to Sinhala and to print and sell them had been entrusted to a private printing press. The following observations are made in this connection.

- (i) Action had not been taken to recover the balance of Rs. 3,696,212 receivable by the Fund as at 31 December 2012 on behalf of books printed and sold.
- (ii) Although 3 years had exceeded by 31 October 2013 since the printing of books, a method had not been adopted to properly take over the printed books and store them.
- (iii) The Fund had not prepared registers in order to separately identify the number of books translated, printed and sold and the number of books remaining. Accounts had been prepared on the basis of reports furnished by a private institution.
- (iv) Accordingly, the Fund could not exercise proper control over the translation and printing of books and as a result books had been translated, printed and sold allowing room for the said private institution to earn income and the attention of the board of control had not been drawn towards this matter.
- (v) According to Section 3.2 of the of the Procurement Guidelines No. 08 dated 25 January 2006, translating, printing and selling of Buddhist books, had been entrusted to a private institution without calling for quotations and a sum of Rs.8,569,440 had been paid as advance during the 3 year period from 2009 to 2011 in this connection.

### **3.2 Idle and underutilized Assets**

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- (a) A stock of Buddha Jayanthi Coins valued at Rs. 317,400 remained idle without being sold.
- (b) Donations in 12 Funds aggregating Rs. 1,448,096 donated for various objectives remained idle for 18 to 20 years without being used for the said objectives.

## **4. Accountability and Good Governance**

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### **4.1 Presentation of Financial Statements**

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According to Paragraph 4.3 of the Public Finance Circular No. PF423 dated 22 December 2006, the financial statements should be presented to the Auditor General Within 2 months of the closure of the financial year. However, the financial statements for the under review had been presented to the Auditor General on 07 October 2013. The presentation of financial statements had been delayed neglecting even the order of the Committee on Public Accounts meeting held on 18 October 2011.

#### **4.2 Corporate Plan**

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A Corporate Plan for not less than 3 years had not been prepared in order to fulfil the mission and vision of the Fund in terms of Paragraph 05 of the Treasury Circular No. PED/12 dated 02 June 2003.

#### **4.3 Action Plan**

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An annual action plan had not been prepared.

#### **4.4 Internal Audit**

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Internal Audit activities of the Fund had not been carried out during the year under review.

#### **5. System and Controls**

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Deficiencies observed during the course of audit were brought to the notice of the Secretary of the Fund from time to time. Special attention is needed in respect of the following areas of control.

- (a) Investment of Fund
- (b) Accounting
- (c) Performance
- (d) Printing, selling and storage of books
- (e) Proper maintenance of books and registers
- (f) Revaluation of Assets
- (g) Budgetary Control